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# COMMERCE

M A G A Z I N E

The Key To Successful Marketing

European Travel Boom ■ ■ ■ ■ ■

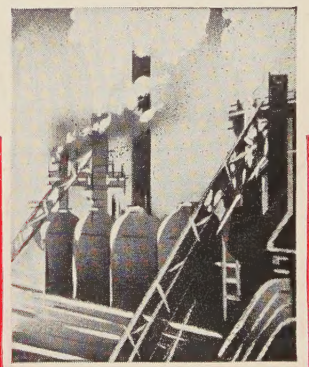
The Pension Drive And Trusteed Plans

End of The Lunch Box? ■ ■ ■ ■

Impelling vs. Compelling Leadership

FEBRUARY, 1950

25 CENTS



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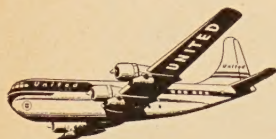
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## STATISTICS OF

# CHICAGO BUSINESS

	December, 1949	November, 1949	December, 1948
Building permits .....	525	750	339
Cost .....	\$10,846,400	\$13,442,200	\$10,717,400
Contracts awarded on building projects, Cook Co. ....	1,157	1,275	812
Cost .....	\$32,176,000	\$25,267,000	\$29,371,000
(F. W. Dodge Corp.)			
Real estate transfers .....	5,219	6,019	5,109
Consideration .....	\$7,884,849	\$9,994,572	\$7,956,448
Retailers' Occupation Tax collection, Cook Co. ....	\$7,656,404	\$7,486,112	\$7,947,479
Department store sales index .....	366.4	270.6	384.2
(Federal Reserve Board)			
(Daily average 1935-39=100)			
Bank clearings .....	\$3,174,734,931	\$2,950,388,455	\$3,631,551,201
Bank debits to individual accounts:			
7th Federal Reserve District .....	\$16,372,686,000	\$14,568,739,000	\$18,242,263,000
Chicago only .....	\$8,612,004,000	\$7,517,628,000	\$9,639,957,000
Chicago Stock Exchange transactions:			
Number of shares traded .....	1,299,000	682,000	783,000
Market value of shares traded .....	\$32,323,710	\$19,853,133	\$18,437,683
Railway express shipments, Chicago area .....	1,572,437	1,261,449	1,946,611
Air express shipments, Chicago area .....	66,827	53,950	63,286
L.C.L. merchandise cars .....	19,513	22,043	24,247
Electric power production, kwh .....	1,134,613,000	1,016,791,000	1,112,757,000
Revenue passengers carried by Chicago Transit Authority lines:			
Surface Division .....	57,593,341	55,680,488	68,586,817
Rapid Transit Division .....	13,441,654	12,717,287	15,710,585
Postal receipts .....	\$12,798,559	\$10,996,015	\$11,659,719
Air passengers:			
Arrivals .....	90,914	109,450	91,939
Departures .....	96,601	114,358	98,801
Consumers' Price Index (1935-39=100) .....	173.2	175.3	175.4
Livestock slaughtered under federal inspection .....	693,138	663,727	759,938
Families on relief rolls:			
Cook County .....	30,302	29,432	20,149
Other Illinois counties .....	21,867	21,533	16,012

<sup>1</sup>Preliminary figures.

## MARCH, 1950, TAX CALENDAR

Date Due	Tax	Returnable to
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depository
15	File return for Federal Income Tax withheld at source. (Forms 1013 and 1042). Payment of tax on or before June 15.	Collector of Internal Revenue
15	Final 1949 Income Tax return (Individuals) and settlement of 1949 income taxes (Form 1040 or 1040A)	Collector of Internal Revenue
15	Federal Income Tax (Calendar year basis). Full payment or payment of first quarterly installment. Corporations, Form 1120; File partnership information returns Form 1065, no payment required. Fiduciaries, Form 1041	Collector of Internal Revenue
15	Declaration of 1950 estimated tax by individuals and payment of one-quarter of tax in excess of estimated withholding	Collector of Internal Revenue
15	Illinois Retailers' Occupation Tax return and payment for month of February	Director of Revenue
31	Federal Excise Tax return and payment due for February, 1950.	Collector of Internal Revenue



# COMMERCE

## M A G A Z I N E

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NO. 1

**FEBRUARY, 1950**

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### *In This Issue . . .*

On this issue of COMMERCE there is, as you have probably noted, a new cover design. As we remarked last month, it has been in gestation for quite a while. Probably a hundred or more rough sketches slid across the desk and ultimately into the waste basket before this design was selected. Its main goal is to serve you better. From now on, even a quick glance at the cover of COMMERCE will give you the reading menu inside. To those of our readers who suggested this change, our sincere appreciation for your interest in COMMERCE... to all our readers, we hope you will like the new cover and, again as we mentioned earlier, your comments and criticisms will be more than welcome.

It will be a great year for European travel... more tourists and more dollars flowing Eastward across the Atlantic than at any time before. Already, sailing dates are closing, but if you are still hoping to visit England or the Continent this year, Betty Savesky provides you facts and figures on the matter in an article beginning on page 13.

In-plant feeding gained tremendous ground during the war, as employers sought to hold workers in the midst of emergency shortages. Since the war, the trend has continued as more and more employers learn of the advantages of this morale boosting company operation. Lawrence McCracken reviews the subject in an article beginning on page 16.

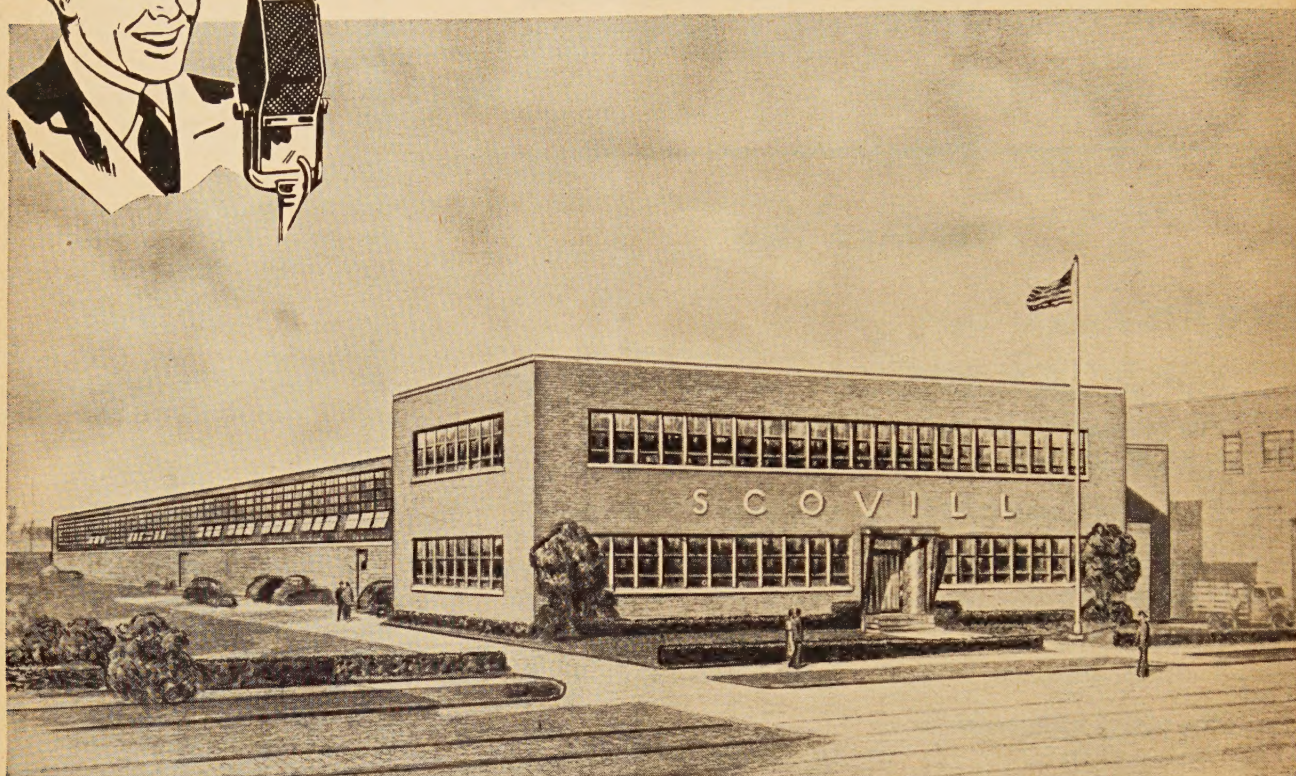
Dr. Donald A. Laird, the distinguished writer-psychologist, returns to these pages with a thought-provoking article "Impelling vs. Compelling Leadership" (p. 18) in which he points out that the real leader does not do all the thinking, but teaches others to think.

In "The Key to Successful Marketing" (p. 21), Dr. George H. Brown, professor of marketing of the University of Chicago, warns that the soundest approach to a marketing problem is to understand precisely what the problem consists of.





*Important News for Metal Fabricators!...*



## SCOVILL OPENS ENLARGED BRASS MILL PRODUCTS DEPOT IN CHICAGO

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# The Editor's Page

## ■ Why Not Attack The Cause?

WASHINGTON reports indicate that plans are being made to create a new type of government lending agency to make loans to business. The planners' case for such an agency is based on studies indicating that the American people have changed their investing habits and will put their savings in only the most secure type of debt obligations—government bonds and insurance contracts, for example. Because of this, it is difficult for business of any size to obtain equity capital and only the largest corporations can obtain long-term loans direct from the public.

There can be little quarrel with such a statement of present conditions. Just about every investigation by both government and private agencies has shown that there is a dearth of equity capital for all business and a shortage of capital on any terms for small business.

The cure, however, does not lie in an extension of the lending and investing powers of the government. It lies instead in correcting the many obstructions that have diminished the flow of private capital to a trickle and have driven its owners to so prize "security" that risk money is almost unobtainable. The impediments, such as soak-the-rich and soak-the-corporation taxes and burdensome regulation on the issuance of securities, are well known. They have largely been made by the government which can unmake them if it will. Naturally, Washington officeholders would not propose that this course be followed. Their future lies in an extension of government power and they undoubtedly know that creation of new federal lending agencies would in the end completely eliminate the private capital market. For that reason, even though an expansion of government lending may have superficial appeal, all businessmen, large and small, should oppose it.

## ■ Not Mere Man Anymore!

A STANDARD cartoon that turns up every so often portrays a little Milquetoast of a man standing sheepishly before the tailor's full-length mirror while his big, masterful wife decides whether he should, or should not, purchase the horrible, checkered creation that hangs from his shoulders. This hackneyed bit of humor, however, is only part of an insidious hoax that has been perpetrated against the American male. The root of the matter lies in the long accepted belief that women buy 80 per cent of the consumer goods sold, and hence are the really important sex to commerce and industry.

At last, this hoax has been exploded by two research experts of the University of Illinois who, after surveying buyers from coast to coast, have established the fact that women alone actually buy only a trifle

more than half of the goods purchased for the home. Furthermore, those obscure menfolk who never seemed to count for much buy 30 per cent of these goods without so much as mentioning the fact to some big, masterful woman. When man and wife get together for a shopping trip, they buy 11 per cent of the purchases and the youngsters buy four per cent on their own.

Now that all the precincts have reported, there's bound to be some new reckoning on the basis of this startling, and no doubt scientific, survey of consumer buying. It has, indeed, been a banner discovery for man and one of great significance to marketing experts of both sexes. Next the researchers could profitably turn their attention to the more fundamental question of what stimulates buyers of either sex to put their money on the counter.

## ■ Trend Against Labor Monopoly

THERE are heartening signs that public patience is running out with monopoly control by national unions just as it did more than a half century ago with monopoly by business. In a coast to coast survey, the Psychological Corporation asked the question, "Do you think it is more important for the government to investigate monopoly practices by big business companies or monopoly by big labor unions?"

Of those questioned, 39 per cent said big unions, 27 per cent said big companies, 10 per cent said both, and 24 per cent were uncertain. Among union families, 37 per cent thought big companies should be investigated as against 30 per cent who thought that investigation should be made of big labor unions. Among non-union families, 42 per cent favored monopoly investigation of the big unions.

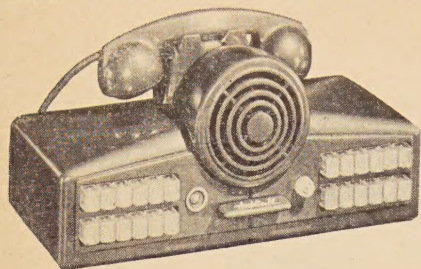
Congress, which in 1947 came close to restricting industrywide bargaining, is again showing lively interest in the subject. The Senate Banking and Currency Committee has just issued a report that may foreshadow a new attempt to pass controlling legislation. The committee concluded that in the coal industry, production and prices are being controlled by the United Mine Workers and accused the UMW of "usurping" the power of Congress.

John Lewis and the UMW, of course, are not the only offenders. The same situation applies in the steel industry, the railroad industry and a number of others. Mr. Lewis, however, has done more to awaken public resentment to the obvious fact that national unions which employ industrywide strikes and strive to enforce a single wage and benefit pattern in their industry are exerting monopoly powers than all the other unions combined. He may yet deserve some sort of ironic thanks if his ruthless use of a power that neither he nor any labor leader should have goads Congress into passing corrective legislation.

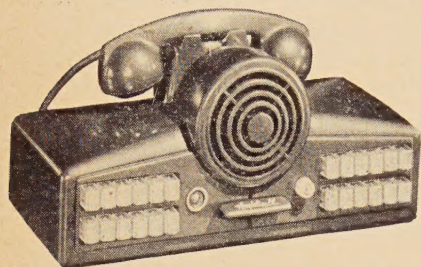
*Alan Study*



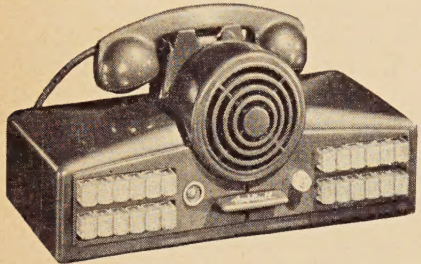
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• **Inexpensive Tax Help** — Many businessmen could save on income taxes, the Department of Commerce believes, if they simply claimed all deductions to which they are entitled. In an effort to help them calculate such deductions, the department's Chicago regional office is distributing the Treasury Department's latest 138-page tax booklet, "Your Federal Income Tax," to all who forward 25 cents (no stamps) to Room 1150, 332 S. Michigan Ave., Chicago 4. The publications are stocked in Chicago; hence, requests need not be forwarded to Washington.

• **Who Buys The Most?** — For a long time, menfolk have been told that women buy 80 per cent of the goods consumed by families, the assumption being that women are therefore a lot more important to the economy. At last a man has stepped forward with contradictory evidence! According to Professor of Marketing Paul D. Converse of the University of Illinois, women actually buy only 55 per cent of the goods for the home, men buy 30 per cent, and—shopping together—man and wife buy 11 per cent. These figures, based on a survey by six cooperating universities, further indicate that children buy four per cent of home purchases or (on the basis of 1948 figures) about \$5,000,000,000 worth of merchandise.

• **Recorded Enthusiasm** — An executive of the San Diego (Calif.) division of McMahan Furniture Stores could be found touring Chicago's furniture market last month with a wire recorder. In the show rooms of key firms in the industry, the representative snapped on the machine and recorded the sales talks of factory representatives; the point being, as he explained it, that he could take home the en-

thusiasm for a particular piece of furniture that inevitably is lost when a buyer attempts to relay to salesmen the spirited, on-the-spot presentations of factory representatives.

• **Plant Outlays Dip** — Industry's postwar drive for improved plants and equipment reached a peak in the last quarter of 1948, when almost \$5,500,000,000 was spent by all non-agricultural business firms. Since then, the Department of Commerce reports, plant and equipment expenditures have been sliding off, although at a slightly irregular rate. In the first quarter of 1949, they dipped sharply, then increased in the second quarter, dropped off in the third quarter, and rose slightly in the last three months of 1949. Now, on the basis of current surveys the department believes the trend will again be gradually downward this year. The immediate forecast is for an expenditure of \$3,900,000,000 during the first quarter of '50, or about 14 per cent below the first quarter of last year.

• **Embezzling Rises** — Lumbermens Mutual Casualty Company reports that embezzlement on the part of American workers reached a new peak in 1949, and probably will continue rising throughout the present year. Among workers who steal from their employers, the company adds, the worst offenders are those employed in retail stores.

• **Office Color Tricks** — Reading this page while it is lying on a black desk top is hard work for the eyes; the reason being that white paper reflects 80 per cent of light, the dark desk only five per cent of light. This involves a brightness ratio of 16 to one, which is far beyond what office

(Continued on page 30)



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Human Relations

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**ALBEN W. BARKLEY**  
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**"Business Prospects"**  
(see Seminar program)

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**Feb. 27 12:00 Noon Luncheon**  
**2:30 P. M.**

"HUMAN RELATIONS"  
Dr. A. C. Van Duesen  
Northwestern University

**Feb. 28 10:00 A. M.**

"Selection, Training and Direction of Employees"  
Joseph M. Herrmann  
American National Bank & Trust Co.  
"Selection of Employees"  
Dr. Sylvia A. Sorkin  
Assoc. Prof. Commerce & Finance  
University of St. Louis  
"Introduction & Indoctrination of New Workers"

**2:00 P. M. Afternoon Session**

Gordon Bradt  
Continental Illinois National Bank & Trust Company  
"Training and Direction"  
Paul Corby  
Marshall Field & Co.  
"Supervisor's Responsibility for Training and Direction"

**Mar. 1, 10:00 A. M. Morning Session**

Harry A. Wylie  
Ass't Sec. & Treas.  
The Pure Oil Co.  
"A Formula for Effective Productions"  
Jack C. Staehle  
Aldens, Inc.  
"A Better Use of Employees Welfare Dollar"

**2:00 P. M. Afternoon Session**

W. Miller Bennett  
Comptroller, Inland Container Corp.  
"Office Costs"  
J. A. Keller  
Vice-Pres. in charge of  
Production Engineering  
Geo. S. Fry & Associates  
"Organizing, Staffing and Operating a Methods Division"

**6:30 P. M. Dinner Program**

**VICE PRESIDENT ALBEN W. BARKLEY**  
**"Business Prospects"**

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## Trends in FINANCE and BUSINESS

### Nation's Steel Capacity Up 22% Since 1940

While a lot of people have been arguing over the question of whether the nation's steel making capacity is adequate, the steel producers themselves have gone right along expanding steadily. The remarkable increase in steelmaking capacity during the last decade is pointed up by figures compiled last month by the American Iron and Steel Institute. They reveal that while our population increased 15½ per cent between 1940 and 1950, steel capacity in the same period increased 22 per cent.

As of last month, total steel capacity was hovering just below 100,000,000 tons a year. This record high capacity (99,392,800 tons of ingots and steel for castings) exceeds the combined output of all other nations by about 11,000,000 tons. Between 1940 and 1950, steel capacity rose nearly 18,000,000 tons and of this total 3,271,870 tons was added last year. The 1949 increase, incidentally, was substantially higher than expected a year ago.

To support the overall capacity increase, other producing facilities in the industry were expanded and improved in 1949. Blast furnace capacity rose sharply and last month was rated at 71,497,540 tons a year. Coke oven capacity was increased about half a million tons, and in addition a number of new rolling mills were added and other finishing facilities improved.

### Forecast Good

#### Year For Machinery, Vehicle Producers

The Department of Commerce estimates that about \$19,000,000,000 worth of machinery and parts, and \$9,300,000,000 worth of vehicles and parts will be produced during the current year. Although these estimates are

from five to 10 per cent below the 1949 figures, they still foreshadow a prosperous year for both of these basic industries.

Breaking down the overall estimates, the Commerce Department figures that farm machinery and tractor production this year should approximate that of 1947; in other words, three times the average output from 1935 to 1939, but about 15 per cent below the \$2,000,000,000 production in 1949. In railway equipment 2,500 locomotive units valued at about \$330,000,000 are expected to be ordered this year, with the value of actual deliveries estimated at about \$250,000,000, an increase of \$24,000,000 over last year.

About 42,500 freight cars, valued at \$195,000,000, will be ordered this year. Also, an output of \$300,000,000 worth of machine tools is regarded as a "possibility," against a 1949 output valued at \$248,000,000. Finally, the Commerce Department calculates that the output of excavating and earthmoving machinery this year should be about equal to 1949 if expected heavy construction projects are carried out.

« « » »

### Farms Use 10

#### Times Mechanical Power Of Industry

There is an anomaly in the fact that despite a steady drift off workers away from farm jobs, American farmers have actually increased their production by one-third since 1941—on just about the same amount of acreage. The answer, of course, lies in the tremendous increase in motorized equipment. The Automobile Manufacturers Association notes that by now the nation's 5,800,000 farms have over 11,000,000 motor vehicles and tractors, or 4,000,000 more than before the war.

This equipment generates about 750,000,000 horsepower, or 10 times



as much mechanical power as is used by all the American industry combined. Today, 90 per cent of all farms have at least one passenger car and 36 per cent have at least one truck. Actually, farmers account for 40 per cent of the big increase the nation has seen in truck ownership since 1941. About 5,500,000 trucks are on farms today, or 1,300,000 more than before the war.

Ownership of tractors on farms has jumped from less than 1,700,000 in 1941 to about 3,400,000 today. And where farmers owned 3,300,000 passenger cars in 1941, today they have about 5,500,000.

« « » »

**How Much Do You Spend For Insurance?** At what income level does a family put the largest share of its money into life insurance?

The answer is that they put about the same percentage of income into life insurance at all earning levels.

This is indicated from a survey on consumer finances made by the Survey Research Center of the University of Michigan. It shows that all income groups from those earning \$2,000 to \$2,999 up to those earning \$7,500 and over reported averages of between 3.3 and 3.6 per cent. Only those in the very low income groups showed higher percentages, a condition attributed to the fact that basic premiums consume a larger portion of very small incomes.

Over all, the survey found, the average premium paid for the life insurance owned in 1949 by the spending units which paid premiums was \$140. Some four per cent of the insured families paid \$500 or more in premiums; 22 per cent paid \$200 to \$499; 26 per cent paid \$100 to \$199; the rest paid under \$100 or no premium.

« « » »

**Furniture Makers Enjoy Heavy Winter Volume** The nation's big furniture industry — key to many a consumer buying trend — is in its most optimistic mood in months. The reason: order volume at last month's homefurnishing market in Chicago was the heaviest since 1949's (Continued on page 38)

# Englewood



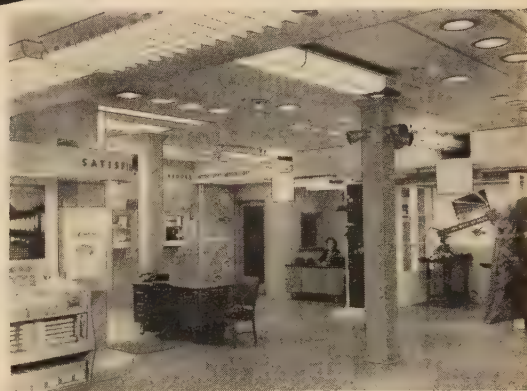
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# Boom— Europe In '50!

By Betty Savesky

It's Almost D-Day For America's Biggest Peacetime

Invasion Of Europe--The Tourist Army Is Coming!

A FORMIDABLE army of American tourists — gravely clutching passports, "bon voyage" presents, and pocket translators—will embark this year upon the travel adventure that the average U.S. citizen dreams about from childhood to old age. By sea and air, these hardy excursionists will head for Europe, there to grapple with the intricacies of foreign exchange, the difficulties of ordering ham and eggs in untutored Italian, and the clearly impossible task of cramming three months of sight-seeing into three breathless weeks.

## Record Travel Year

Authoritative estimates are that 1950 will see the biggest European travel year in history. Still-limited steamer and airline facilities will deliver some 400,000 Americans to the Old World, although another 100,000 may be jammed in if off-season flights and sailings are fully utilized.

At least half a dozen factors have combined to give Europe its big appeal in 1950.

The Roman Catholic Holy Year, which started Christmas Eve and

will run through 1950, will attract millions of worshippers to Rome and to other continental shrines.

Reduced overseas transportation costs, particularly by air, have brought the price of a European vacation within the reach of many middle income families.

Foreign currency devaluation and price reductions on continental transportation have combined to give European travel something of a bargain-counter flavor. Price advantages resulting from devaluation add 10 to 30 per cent to the value of the American dollar. In addition, the railroads of Great Britain and the continent have trimmed fares as much as 40 per cent for group travel and packaged tours.

This year European hotels, cuisine, transportation and entertainment facilities will more nearly approximate pre-war glamor, gaiety and service than at any time in more than a decade.

Finally, the super-powered European Travel Commission, a non-profit organization of Marshall Plan countries, has been hard at work drumming up travel enthusiasm in this country. Their goal: \$250,000,000 in American tourist dollars to Europe each year.

As part of its campaign to stimulate European travel, the ETC has

succeeded in making border formalities less of a nuisance. Already, more than 10 countries have dropped visa requirements, exchange has been standardized and customs procedures improved. The United States has cooperated with a new customs regulation allowing travelers leaving the country for 12 or more days to bring back \$500 instead of \$100 worth of goods duty free.

## The "Packaged" Tour

The ETC has also encouraged travel agencies to arrange moderately-priced all-expense tours. As a result, the minimum price of a 50-day conducted tour of Europe, including trans-Atlantic and continental transportation, hotel accommodations and most meals, has been pared to just under \$1,000 a head. U.S. airlines are offering two-week-limit vacationists special off-season all-expense excursions to Europe for slightly under \$650, so long as they are airborne by March 15 and return within 15 days.

Probably the only real hitch in European travel this year will be overcrowding. With American wayfarers, as well as thousands more from Canada and South America, forming a great wave of affable invaders, continental hotels, restaur-



rants, bars, trains, buses and shrines are likely to be jammed. Travel agencies, in fact, are already cautioning prospective tourists to reserve foreign hotel and return passage accommodations before leaving the country.

It is hardly a year for spur-of-the-moment jaunts abroad. For one thing, a continuing, though diminished, flow of U.S.-bound displaced persons means that westbound flights and sailings will again be more difficult to book than eastbound reservations.

Despite heavy demand, it is still possible at this time to book eastbound transportation even for the crowded summer months. Both domestic and foreign airlines still have mid-summer flight reservations available and, while many mid-summer steamship sailings have

*Pan American Airways*



been announced as fully booked, it is often possible to reserve space on these sailings through travel agencies. The latter reserve blocks of accommodations well before the travel season begins, and with cancellations, frequently have some space available right up to sailing time.

Last minute arrangements have a way, however, of sending the traveler abroad with a bad case of jitters.

### Off-Season Bargains

Off-season travelers to Europe should have relatively little difficulty acquiring their choice of accommodations before May and after July. They are the special pets of the travel industry because their patronage is needed to take up off-season slack. As a result, they will be treated to special budget fares while enroute, as well as cheaper hotel and restaurant prices while overseas.

A good part of this year's enthusiasm for foreign travel can be attributed to skillful merchandising by American travel agencies. Realizing that their most lucrative market lies with middle-income traveler, the agencies have been driving hard on all-expense escorted tours—reservations booked throughout a trip and a minimum of tourist worries.

Although total steamship tonnage is still far below prewar, seven ships were added to trans-Atlantic service last year. Airline trans-Atlantic passenger capacity is far above prewar. It is now estimated at 200,000 persons one-way and will probably

*Holland American Line*



Above: Cocktails aloft while flying from New York to Paris in a mere 15 hours  
Below: All available steamship tonnage will be diverted to heavy Atlantic travel

go higher this year since many new planes are scheduled for early delivery.

In the first nine months of last year, Atlantic steamers carried about twice as many passengers in each direction as did the airlines. If that period the airlines carried 102,000 persons eastbound, the steamships 226,000; westbound, the airlines, 119,436 and steamers, 255,000.

For the traveler who wants to fly to Europe, there is a choice of ten airlines, three of them American: Air France, American Overseas Airlines, British Overseas Airways, Royal Dutch Airlines, Pan American World Airways, Sabena, Belgian, Scandinavian Airline System, Swissair, Trans World Airways and Trans-Canada Airlines. Off-season, more than 80 flights a week leave New York for Europe. Flights will increase this summer as airlines lease planes from domestic carriers to channel all possible equipment into trans-Atlantic service.

### Air Travel Booms

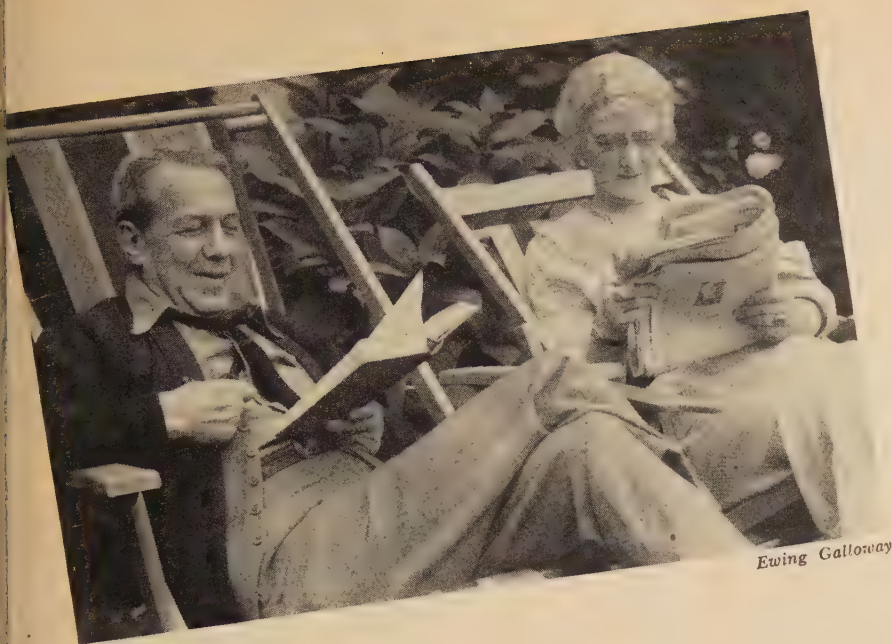
By air, Europe is less than a day away, five days by the fastest steamer. For those who prefer a leisurely ocean crossing, 14 trans-Atlantic steamship lines offer a choice of 500 ships leaving from U.S. and Canadian ports, 37 of which depart from New York or Boston. The two largest passenger vessels plying the Atlantic are the Cunard-White Star's "Queens"—the Elizabeth, 83,673 gross tons, and the Mary, 81,235 gross tons. The big sisters are unrivaled as floating cities, for the next largest ships are the Aquitania, 45,617 gross tons, and the Ile de France, 45,330 tons.

The airlines, which as trans-Atlantic carriers have risen from obscurity in less than a decade, now offer service on Boeing Stratocruisers, Constellations and DC-4's, all with sleeper accommodations. Meals aloft and before-dinner cocktails are served at no additional cost on these flights, which race from New York to Paris in a mere 15 hours.

In addition to the regular liners, there are always some passenger berths available on freighters, the latter particularly popular with college students. While passenger berths vary on different lines, the average freighter has space for six

(Continued on page 25)





Ewing Galloway

# The Pension Drive and Trusteed Plans

By HENRY J. SIMONSON, Jr.

President, National Securities and Research Corporation

**A**T THE midpoint in the Twentieth Century, one of the most compelling forces confronting American business is a mass drive for security. It springs from one simple fact: American society is aging. For example, four per cent of the population was 65 or over in 1900; today the figure is eight per cent, and 25 years hence it will be 11 per cent.

There is tremendous political pressure behind the drive. Today, about one-third of all voters are over 50 years of age. By 1975, 40 per cent will be over 50!

If business could have foreseen this vitally important social trend, and had every firm set aside a fraction of its payroll for pensions when it started in business, the financing problem could have been handled

easily today. Accumulation and interest over the years would have provided the necessary sums with no real burden.

Unfortunately, we have the problem today without preparation yesterday. As a result, every businessman who is confronted with a pension problem faces an infinitely more difficult and complex situation.

## Real Impetus In 1942

A steadily increasing number of employers have been facing this problem during recent years. The movement towards the establishment of privately financed pension plans got its real impetus with the revision of the Revenue Code in 1942, allowing corporations to deduct as a business expense contri-

butions towards the cost of a plan, up to a certain percentage of payroll, provided the plan in the opinion of the Bureau of Internal Revenue is non-discriminatory.

An estimated 1,500 concerns had private plans then; today the number has increased to 12,000.

## Bargaining Issue

The biggest drive for company plans, however, is under way right now. It has been sparked by the big national unions which, aided by a court decision, have tied pensions into collective bargaining and have followed with victories in steel, autos, aluminum and other fields.

Since every employer now faces the prospect that his workers, or the union he deals with, will demand pension coverage, it is important that policy makers study this subject, looking into costs of various types of plans and other phases of the subject, to arrive at an intelligent approach to the problem. Among the main decisions that must be made are whether employees are to contribute to the cost and whether Social Security payments are to be included in the top pension to be provided. Decisions on these points will materially affect the cost of a plan to the company.

Thereafter, a question arises as to the method of funding the program—in other words, providing a mechanism to assure that adequate

(Continued on page 44)



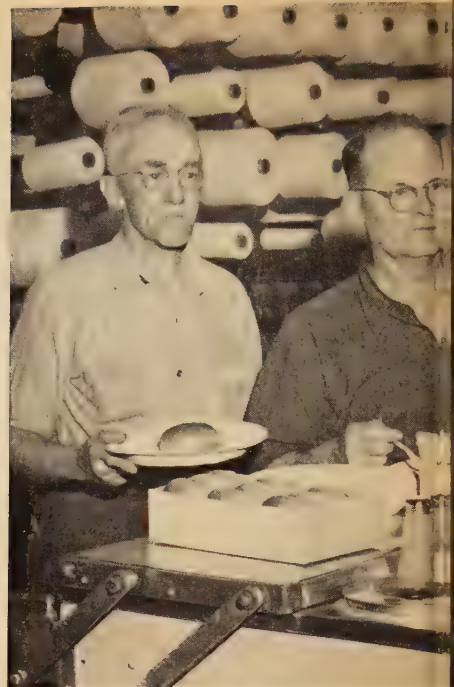
Fabian Bachrach

Henry J. Simonson, Jr.



# END OF THE LUNCH BOX?

By LAWRENCE McCracken



At Pawtucket, R. I., Crown Manufacturing

**In-plant feeding—boomed by the war—is proving**

**F**or a good many years, the factory lunch box has stood for eating at its worst. A cold metal receptacle containing equally cold and uninviting food, the lunch box—in the opinion of the average working man—is not the least of his sacrifices to the machine age. Fortunately, however, the lunch box and its standing invitation to dyspepsia may at last be headed for oblivion.

Like many another industrial transition, the passing of the lunch box was accelerated by the war. The alternative—in-plant feeding—received a big impetus during wartime personnel shortages and, since then, it has been gaining, rather than losing, ground. Significantly, a growing number of small companies, some with as few as 50 employees, have launched successful in-plant feeding operations.

The significance lies in the fact that until recently there has been a widespread assumption that in-plant feeding is impractical for firms with less than 1,000 employees. Actually, it is not, and many small employers are demonstrating that with a bit of imagination and resourcefulness they can establish, or

help to establish, in-plant cafeterias that go a long way toward improving the morale of workers.

Typical of such company-inspired programs is that of the National Hosiery Mill of Indianapolis, Ind. National Hosiery found that many of its female employees, particularly those on the night shift, disliked going out to eat at late hours. To hold these girls, a woman was given the cafeteria concession in the plant. She hired her own employees and, with the help of a small company subsidy, now operates the concession as a profitable independent business. Beginning with cold drinks and sandwiches during the war, the cafeteria expanded into the service of hot meals in 1947. About 75 per cent of National's employees patronize the cafeteria, 10 per cent bring their lunch, and 15 per cent eat at nearby restaurants.

## 30% Use Service

The Gabriel Company, Cleveland, Ohio, with 400 employees, has given the feeding concession in its plant to an industrial caterer, Harding and Williams of Chicago. Thirty per cent of its employees use the service, 10 per cent bring their

lunch and 60 per cent eat out. The company feels that despite good restaurants nearby, the service is worth while because employees say it saves them money. Cost to the company is about 80 cents per employee per month. In addition, coffee wagons tour the plant twice a day.

## Carts Pay Off

Many companies lose money on their cafeterias and make money on mobile carts; sometimes the latter more than offset the cafeteria deficit. In a survey of 20 representative companies, the Associated Industries of Cleveland found that one made a profit on in-plant feeding, one broke even, and 18 lost from 2.9 per cent to 30 per cent. However, the general conclusion was that in-plant feeding is an excellent investment, despite a small loss. Eight of these companies employ less than 1,000 workers and two less than 500 employees.

In-plant feeding is being handled in many different ways. Robbins and Myers Company, manufacturer of electrical equipment as Springfield, Ohio, has instituted an all-takeout service. A former plant employee, realizing the need of a





Employees are served on-the-job from mobile carts

## major morale booster

plant feeding service in an area where nearby restaurants were unsatisfactory, offered to install a service in an unused building if the company would buy equipment, provide rent-free space, as well as heat and light.

The company agreeing, service has started in the last months of the war when employment at the plant was about 3,000. It has since dropped to between 800 and 1,000 but the takeout service is still profitable. The menu includes baked beans, meat sandwiches, salads, french fries, desserts, and beverages, all served in paper cups and containers.

### Space Problem Solved

Merrill Cohen, an industrial caterer in Indianapolis, answers the small plant's space problem with the statement that he can provide in-plant feeding from an area the size of a small bedroom. In serving the 1,000-employee F. L. Jacobs plant at Indianapolis, Cohen started in a 12 x 20 foot room, serving soup, one hot entree, five assorted salads, one hot and three cold sandwiches and pie. His entrees include meat balls and spaghetti,

stew, ham and beans, and roast meats. As in virtually all small plants, Cohen uses paper service, explaining that he could not store the china he would need to serve 1,000 employees in the space from which he runs the entire operation with paper. And, he adds, paper service insures sanitation, speed of service and a minimum of noise.

### Small Plant Feeding

In one of the smallest in-plant feeding operations, the Draper Corporation, makers of textile machinery, serves some 50 employees at its Spartanburg, S. C. warehouse. A woman is employed to prepare the meals at home and deliver them. Employees pay about 50 cents each and the company makes up the deficit, approximately \$1 per week per employee. This is about the largest subsidy found in the various studies of in-plant feeding.

The Central California Poultry Producers at Sacramento breaks even on the feeding of about 50 per cent of its 120 to 150 employees. It expects a profit soon which will be used to purchase a television set for the lunchroom or provide some similar recreational fa-



Sanitary all-paper service cuts costs

cility for employees. Similar use of profits for employee benefits is customary since few, if any, companies try to profit on employee feeding.

Many printing companies and wholesale houses located in poorer neighborhoods have successfully carried out small-scale feeding programs. Otis Cutler, vice president of A. Carlisle Company, a San Francisco printing firm, believes the big advantage in employee feeding lies in the improved mental attitude of workers. "It gives a man or woman a greater feeling of dignity and confidence to eat at a table rather than perch on a bench and eat from a box," is the way Cutler puts it.

Carlisle's cafeteria has a roof garden with outdoor tables for use in good weather. In addition, snack carts offering coffee and milk tour the plant twice daily. They gross \$25 a day and return the biggest profit. The cafeteria, however, also operates in the black.

At Carlisle, an employee "cafeteria committee" representing all departments solicits complaints and makes suggestions. From 85 to 100 outsiders are served daily, mostly from

(Continued on page 41)



# Impelling vs. Compelling Leadership

By Dr. DONALD A. LAIRD

**T**HE roar that went up from the girls who soldered earrings in the novelty jewelry factory could not have been more anguished had they been ordered to work in prison haircuts. Yet the issue at stake was far less momentous.

The night before someone had sawed a scant six inches off the ends of their work tables. The following morning, the irate young ladies grumbled that the shortened tables were too small for their work. As a result, morale—as well as output—sagged sharply.

To a perplexed foreman, this was plain nonsense. "I watched them yesterday," he remarked. "Those tables were longer than any of them needed. Not enough room for the trucks, so I had the carpenter make more room by taking six inches off the tables. The girls don't have anything to holler about. Women sure are funny."

Actually, there was nothing funny in the reactions of these workers. Logically, they had nothing to complain about. But psychologically they had a real complaint. For

one thing, the prestige value of their jobs had been lowered. More important, human nature makes people rebel when anything happens that affects their work—unless they have had a part in its planning. The good sense of a plan does not count as much as whose plan it is. When we feel the plan is ours, we have more will to follow it.

## Get Others To Think

The foreman made a sensible change when he shortened the tables. He probably thought he was saving time by having the change made at once, without taking time to talk it over with the girls. But the direct way he did it lost several hours' time and caused an outburst of discontent. Perhaps he thought he was paid to do the thinking for the department. Apparently, he did not know that real leaders—in and out of business—are paid to get others to think. Successful leaders impel people, they do not compel.

Compelling leadership relies on authority, power, rules and threats.

The force comes from outside the follower. Traffic police, domineering parents, officious public servants and aggressive bosses use compelling methods which overlook the other person's desires and goals. Compelling leadership is simply autocratic leadership.

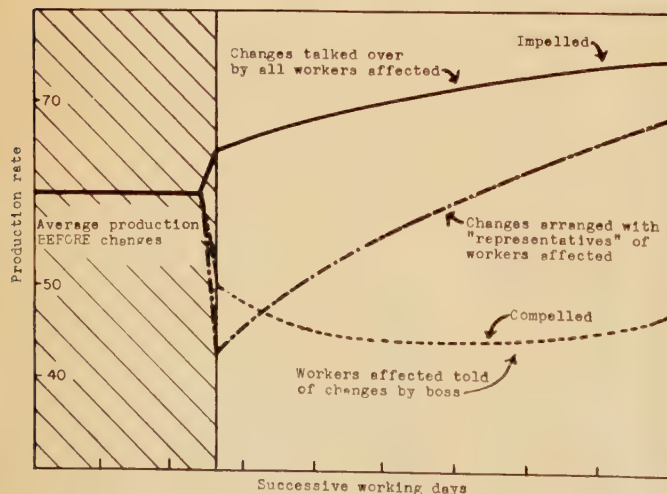
Impelling leadership makes use of forces within those below. The impelling leader leads others to want to follow certain courses of action. He uses democratic methods.

There is a good example of the latter in the case of a textile mill which was suffering from particularly low productivity. Since the equipment could not be changed, the only thing to do was improve the leadership. The employees were on piece-rate and should have had a selfish interest in turning out all the work possible. Psychologists were called in to study the problem. They chose two groups of workers for an experiment in impelling leadership.

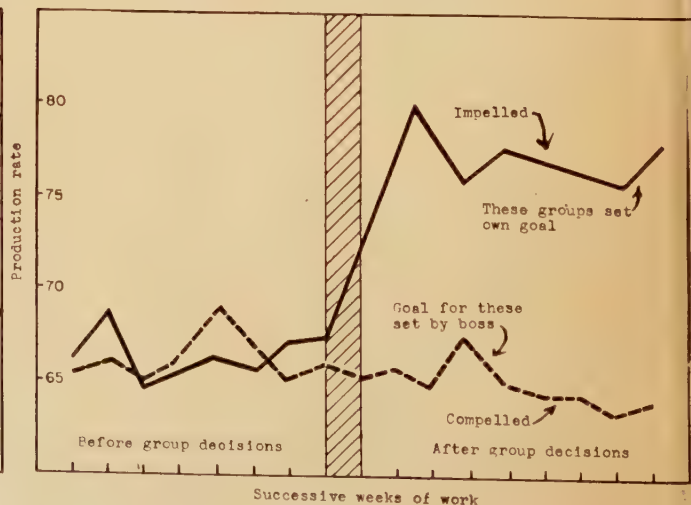
The bosses told one group that time studies showed they should be producing more, that increased production would mean more money for them. Then the bosses put on the pressure to make the girls work faster. This was compelling. The workers could have made more money for themselves, but scarcely any did. In fact, during the next few months average output dropped still farther. Some workers became nervous and slipped as the pressure increased. Such an old fashioned "production drive" finally proved self-defeating.

The other employees were given a taste of impelling leadership.

(Continued on page 26)



A graphic illustration of impelling leadership at work indicates how workers responded to varying leadership.



Output increased 18 per cent when girls in sewing factory made their own decisions to increase output.





The author (standing) emphasizes that wise designers work closely with sales, engineering and production departments

## BATTLE ON THE DRAWING BOARDS!

What is the industrial designer's goal --- "art for art's sake" or saleable merchandise?

By JEAN OTIS REINECKE

J. O. Reinecke and Associates

*Industrial designing—as an independent profession—is barely 20 years old, yet it has sparked a major industrial revolution. This tremendous expansion of a new and vitally important industrial art has, however, been accompanied by growing pains, some of which appear to be troubling the*

*profession right now. In this article, a well-known designer tells businessmen: (1) how he believes the goal of his profession may have become misunderstood by some, and (2) how he believes industrial designing can be of greatest value to industry generally.—The Editors.*

**N**OT long ago a prominent industrial designer declared that the prime function of his profession is not to add new sales appeal to products. Instead, he said, the designer's principal function (and these are very nearly his exact words) is to reintegrate a society that has been unable to cope with the tremendous forces of the technology imposed upon it by the industrial revolution.

This high-sounding declaration of principles is news to the average shirt-sleeve industrial designer. Furthermore, it is typical of the sort of stratospheric talk that has left many a practical businessman wondering whether this important new profession has suddenly become more interested in its own vanity than in producing saleable merchandise. In a word, the question

has arisen: "Has industrial designing gone 'high hat'?"

As one industrial designer, I believe the answer is a resounding "No!" But I do believe that a reappraisal of industrial design—in hard-headed, realistic terms—is certainly in order.

Some businessmen have been puzzled also by flurries of self-criticism that turn up here and there within the designing profession. There has been, for example, much criticism of what is called a trend toward monotonous uniformity among designers with the refrigerator being the usual horrible example. It cannot be denied that refrigerators look pretty much alike, but on the other hand they all look pretty good. Is there really a basis for this uniformity complaint, so long as the accepted standard in-



corporates good designing and therefore good appearance?

Actually, there is a more practical objection to the modern refrigerator in the fact that it is still modeled along the lines of the ice box. With mechanical refrigeration there is no reason why today's refrigerator should not be considerably more convenient. It could very well lose its present identity and be designed to fit in unobtrusively with the over-all design of the kitchen. This, indeed, may be the next step in refrigerator designing.

### Profits Before Esthetics

Despite the extravagant pronouncements of some designers, the notion that most members of our profession are impractical esthetes is simply without foundation. Industrial designers may have their own uninhibited ideas of what they would like to do about a particular design problem, but in the realities of business, esthetics invariably takes a back seat to sales appeals.

The designer is a businessman too. He works for a fee, seldom for art for art's sake. He will work just as hard to design an attractive ten cent item as he will to produce a \$300 appliance. He is also perfectly capable of deliberately reaching for the mass market which, presumably, represents less cultured tastes than the market represented by the high income brackets. Ac-

tually this does not call for any violation of his sensibilities, for the public in general has good taste. The public likes good design, and that is why the industrial design profession has been a success. Designers have met the demand; they have not created it.

As Designer Raymond Loewy puts it, "Good design keeps the user happy, the manufacturer in the black, and the esthete unfettered."

Since they are specialists, designers have an opportunity to provide leadership toward better designs, but they dare not set too fast a pace. Ideas that may be acceptable five years from now might be turned down today as too radical. Yet some designers have suggested that a deliberately radical approach is just the thing for the relatively small company competing against industrial giants. The argument goes that the smaller firm can handle only a limited portion of the sales potential in its field, and it has a better chance to get that portion if it does something to appeal to minority tastes.

### The "Radical" Approach

The weakness of the radical approach is that any company that adopts it is likely to remain small. The designer's function is to achieve results that will appeal to the greatest number of consumers. If he succeeds, the small client has a chance to become big.

While the smaller company cannot risk the radical approach unless it is content to remain small, it does have the opportunity to make bolder moves than its bigger competitors. Geared to mass markets, the big company must above all satisfy mass tastes. The difference between boldness and radicalism is not easy to define, but one criterion might be that a bold design is sufficiently different to attract attention, but not so different that it will continue to be startling even when the newness has worn off.

### Design's Real Function

Extravagant claims made in behalf of industrial design are flattering, but like most flattery they are likely to do more harm than good. Numerous instances in which a good design job has doubled or tripled sales of a product have led some persons to expect this sort of thing can go on indefinitely. A sensible executive knows there is a reasonable limit to his sales potential. On the other hand, the executive needs to be reminded that unless design is accorded top rank in company policy, a strong sales position can soon be lost. Design is both an offensive and a defensive weapon: It can help win greater markets, and it can also help protect a position already won.

Some outstanding cases in which the industrial designer has made deep cuts in production costs have given currency to the notion that designers can always cut costs. Good design for a long time has called for greater simplicity and cleaner lines. The elimination of gingerbread tends to cut costs. But there are probably as many instances in which the designer has caused production costs to be increased.

Cost is not the primary function of the designer. It is a limitation on him, of course, because excessive costs will price the product right out of the market. But the designer is also aware that the price of an article or product is not as important a sales factor, ordinarily, as its design. If the design creates desire, the product will sell even though it costs more than a competitive item.

As with costs, manufacturing and

(Continued on page 33)



"Good design keeps the user happy, the manufacturer in the black"



# The Key To Successful Marketing

"Before You Start—Understand Your Objective"

By Dr. GEORGE H. BROWN

Professor of Marketing  
University of Chicago

**T**HE KEY to successful marketing can be boiled down to a simple, three-word statement: "Understand your objective." Unfortunately, this idea is so simple that a great many people in business never realize its tremendous importance. Instead, there is a tendency to race off in all directions at once, the assumption being that a variety of marketing maneuvers — however ill-planned and uncoordinated—constitutes a good marketing program.

The over-all marketing objective of a particular concern may very well consist of more than one subordinate goal. In this case, skillful marketing requires that each subordinate goal be understood and coordinated into an over-all program.

## Increasing Your Business

Fundamentally, there are just four ways in which a company, regardless of its product, can undertake to increase its business.

One is to raise the level of general knowledge about its brand or its product class. If people do not know that a product exists, or, knowing that it exists, are not aware of all its attributes, then an opportunity for real marketing action certainly exists. Advertising, personal selling and merchandising are the logical devices for increasing the level of consumer knowledge.

A second way is to change people's attitudes towards a product, to change the degree to which it is preferred in the market. This means either changing the product itself or correcting any popular misinformation about it. Broad areas of public ignorance often exist about many products. The American Meat Institute faced such a problem in connection with pork products, which it found many people considered less digestible and far less nourishing than they actually are.

A third means to increase business is to increase product availability. This means seeing that a product is in more retail stores, that it is in stock, in the hands of distributors and so on.

Finally, the price of a product can be increased or decreased to influence sales.



One means of increasing business: Keeping your product in full stock

One of the real problems of skillful merchandising involves the selection of areas of marketing effort. Good selection, in turn, depends on obtaining the best market information available.

## Market Information

Getting the market information necessary to define a sales objective is not nearly as difficult or as costly as some people may suppose. Satisfactory market research can be accomplished by going directly to the buyers of your type of goods and obtaining just three types of information from them. Such research can be done for \$3,000 to \$5,000 and can cover all the brands in several product classes.

The first information you should obtain concerns prospective customers, the number who know about your product. Second, you should try to find out what people's

attitudes are towards your product class or specific brand. Third, you want to know what brand or product class your potential customers are now using. These three types of information are the essential tools for what might be called "market diagnosis."

Some samples of market studies will illustrate what can be learned and how it may be used. Recently, General Mills conducted a "market diagnosis" involving housewives' attitudes towards three dominant brands of all-purpose flour. A survey showed that 95.2 per cent of those interviewed were either using or had used brand A, 94.6 per cent were either using or had used brand B, and 83.2 per cent were either using or had used brand C.

In other words, the great majority of housewives had had first-hand experience with all three top brands; hence, there was no need



to foster knowledge that either the product class or the brand existed. Preference ratings were another matter, however. The leading brand had a preference rating among users of 42.8 per cent. The second brand had a preference rating of 40.8 per cent; the third brand, 30 per cent.

When housewives were asked what brand they were using right now, 45.8 per cent said brand A which was known by 95 per cent and preferred by 42 per cent. Forty per cent said brand B and 18 per cent, brand C.

This survey discloses only one marketing problem. The three major manufacturers of all-purpose flour are not faced with a problem of telling more people they have a flour for sale. Most people know that by first-hand experience. Nor is there much they can do in terms of telling them the product is a good product, because people believe that right now. But the producer of brand C should investigate his distribution since he is not getting the share of the market that the data on knowledge and preference would indicate that he should.

The marketing problems are more striking in the case of some other brands, a chain store flour, for example. Only 47.6 per cent of the housewives interviewed knew about or had used the brand and, among users, only 10 per cent rated it very satisfactory. This company has a clear-cut problem of getting more people to know their product and, more than that, of determining why people who have used it rate it so poorly.

### Surveys At Work

Surveys in another product class, packaged pie mix, disclosed that one major brand is known by 70 per cent of the housewives interviewed, and the second best-known brand by fifty-five per cent. The preference ratings show some sharp differences. The best known brand was rated tops by only 24 per cent of present users, whereas the third best-known brand was rated very satisfactory by 44 per cent of its users.

Here is an unusual competitive situation. One brand, known by 70 per cent and preferred by 24 per cent, is being used by 11 per cent of the total market. The other

brand is known by only 55 per cent of the market, and has a high preference rating, but sells only 10 per cent of the market.

Obviously, the well-liked but not so well-known product has a different marketing problem from the brand which is well known but does not enjoy the endorsement of consumers.

### Brand Preferences

I would like to cite one more marketing study, this involving scouring powders. The leading brand in this field was known by 95 per cent of the women in Chicago, certainly about as high a familiarity rating as a product can get. It had a preference rating of 45.7 among users and it had a dominant position in the market. Another cleanser, "brand B" we'll call it, was not nearly as well known — about 43 per cent — and it had a relatively low preference rating — 30 per cent.

Clearly, brand B faces a double-barreled problem: first, why people regard it poorly and, second, what can be done to get more people to know about it.

We did a special study for the makers of brand B, digging into this matter of whether individuals had a relatively low preference for their product for valid reasons. To do this we determined the attitude of people toward this cleanser in terms of package appearance, cleansing ability, harshness on hands, odor, grittiness and other factors. Market analysis showed that house-

wives rated brand B extremely high on package appearance, but averaged or slightly less than average on other attributes. The one factor below average was cleansing ability.

Further analysis was made to find out what product attributes were most highly associated with high preference scores and, as might be guessed, cleansing ability proved much more important to consumers than, say, package appearance. Thus, brand B enjoyed a high consumer rating on a product attribute—packaging—which is apparently not very important in determining overall consumer preferences.

We also found that the consumer rating on cleansing ability was not backed up by laboratory tests. Actually, brand B in laboratory tests was shown to have cleansing ability equal to, if not better than, most competing products and certainly better than some products enjoying a higher popular rating on cleansing ability.

But it doesn't make any difference what laboratory tests show if the buyers of the product are not aware of what they prove! The "real" fact, in this case, is the market fact and not the laboratory fact.

### The Market Problem

With the makers of brand B, as with any company, the big first step toward successful marketing was to get a clear grasp of the total marketing problem. Once the problem was clearly outlined, the procedures for solving the problem more or less logically followed.

If you have the information about how well a product is known, how well it is liked and how well it is used, you have the essential building blocks for defining a marketing objective. It is especially important to note that marketing objectives differ markedly for different companies in a particular industry and differ from time to time for a particular company.

Although the soundest approach to successful marketing (note the word "approach") is obtaining a sound conception of exactly what the basic marketing problem consists of, there remain, of course, many other marketing problems. One is to determine the precise fashion in which you will seek to achieve the overall objective.

(Continued on page 37)



Satisfactory market research can be accomplished inexpensively

Korth



# Pitfalls In The Road To Security

By CHARLES E. WILSON

President, General Motors Corporation



Charles E. Wilson

THE Labor-Management Relations Act of 1947 specifically requires employers to bargain with representatives of employees with regard to wages, hours of employment and other working conditions. The courts have now held that this provision also requires bargaining in regard to pensions and insurance. The courts apparently have concluded that all items of labor cost, including those which are paid as indirect compensation instead of in the form of wages, were intended by Congress to be matters for bargaining.

The economic factors in collective bargaining and the principles that should apply to the determination of fair and proper wages and other conditions of employment apply equally to situations in which no union is involved.

## Basic Wage Issue

A proper basic wage rate is a matter of first importance in any employment relation. While wages are usually thought of as so many cents per hour, the purchasing power of an hour's wage is also a fundamental factor and perhaps it has not always been given sufficient weight. The War Labor Board during the emergency of the war attempted to stabilize wages in relation to the cost of living. Other nations during the war tried to do the same thing. Workmen and union leaders are usually willing to concede that a nation cannot raise its standards of living while it is fighting a war. Even during wartime it is difficult to have workmen put forth their maximum effort and at the same time accept a reduced standard of living.

During peacetime it is impossible to persuade workmen to take a reduction in their standard of living as a result of inflation, and ordinarily there is no good reason for asking them to do so. On the

other hand, frozen wage rates in the face of decreasing living costs may result in relatively high prices for the products being produced which ultimately result in reduced sales and unemployment. These principles were recognized in the General Motors union agreements in the spring of 1948. Under these agreements basic wages have been adjusted each three months in accordance with changes in the cost of living as determined by the consumer price index of the Bureau of Labor Statistics.

I am sure all employers, if they look up their records, will find that wages have moved in general with changes in the cost of living. Where wages have not been adjusted in line with changes in the cost of living in a reasonable time, unsatisfactory and critical labor situations have developed.

No union leader can agree to tie wages for long periods of time to the cost of living without any other consideration, because that would in effect freeze the standard of living of the workmen. American workmen, along with other citizens, are entitled to participate in the prosperity of the nation. This point is also recognized in the 1948 General Motors union agreements. Those agreements were designed to accomplish three objectives:

1. To reestablish the buying power of an hour's work for General Motors workers on the pre-war base (1940).

2. To protect the buying power of an hour's work of our employees against changes in consumer prices

by adjusting the wage level to changes in the cost of living periodically during the life of the contract.

3. To improve the buying power of an hour's work annually so that over a period of years employees are assured of an ever-improving standard of living. We offered to underwrite this annual improvement for a period of five years. A two-year period was finally agreed upon.

## GM's Wage Formula

Incidentally, the agreement postponed for a period of two years the question of bargaining over insurance and pensions. Recent court decisions and the pending revision of the federal pension by Congress should make possible a solution of the pension problem satisfactory to General Motors and its employees.

The formula adopted to improve the buying power of an hour's work was to raise wages, adjusted for the cost of living, by three cents per hour or approximately two percent at the beginning of the contract and at the end of the first year of the contract. We call this increase the annual improvement factor since it is intended to provide for a real increase in the standard of living. A review of wages, costs and prices in our country during the past fifty years

## SPEECH OF THE MONTH

Made before Chicago Executives Club,  
January 6, 1950



indicated that on the average the country had been making technological improvements of at least two per cent per year. There is no reason why our country cannot continue to make at least this same rate of progress as long as we maintain our free institutions. To accept the challenge of competition and the obligation of making sufficient technological progress so that employes may enjoy an increasing standard of living at least equal to the average of the country is certainly not too much to expect of a good employer.

Of course, the benefits of technology cannot be paid out as additional real wages by employers if these benefits are dissipated by artificial shortening of the work week, featherbedding, or extravagant public expenditures not having social value in proportion to their cost.

#### Benefits Apparent

The benefits which have resulted from the recognition of these principles in our agreements are clear. In the first place our employes have been protected against depreciation of their hourly wages. This has meant a great deal to them in the terms of family security. This assurance in turn has, we believe, contributed to improved morale and better efficiency in our plants and has made possible the

increase in wages during the second year of the agreement without an increase in costs and prices. During the period of the agreement the cost of living adjustment has been both up and down without any question on the part of the union leaders or the employes.

#### Wider Acceptance?

Any formula that is fair to both parties and that makes possible longer settlements of the economic issues involved has value not only to the parties but an added value to the country as a whole. Agreements arrived at as a result of strikes and economic warfare are expensive for all parties, including the public, and dissipate for a period of years any possible gains.

I recognize that these principles of wage determination established in our 1948 union agreements have not been generally accepted in collective bargaining, but I am hopeful that as time goes by their logic and merit will be more generally recognized and that they will be adopted as a basis for resolving wage controversies. When I have discussed these principles with some of my industrial friends who had been rather critical of them, I have asked, "If you do not like these principles, what alternative do you propose that is sound for the country, your employes, the unions and your com-

pany?" As yet I have had no answers.

If there were no other economic considerations involved than rates per hour as they may be influenced by the cost of living and improving technology, the principles we have been discussing, properly recognized by both labor and management, should avoid industrial strife and strikes at least over wage issues. However, we have other economic factors to deal with, the most important of which are pensions and insurance.

The recent steel strike indicated the strength of the current demand for pensions. It is clear to me that the reason for this strong demand for pensions and what is called old age security arises from a change from an agricultural to an industrial society. This is true not only in our country but also in Europe, in fact in all places where the people have come from the land into industry—from the country into the city.

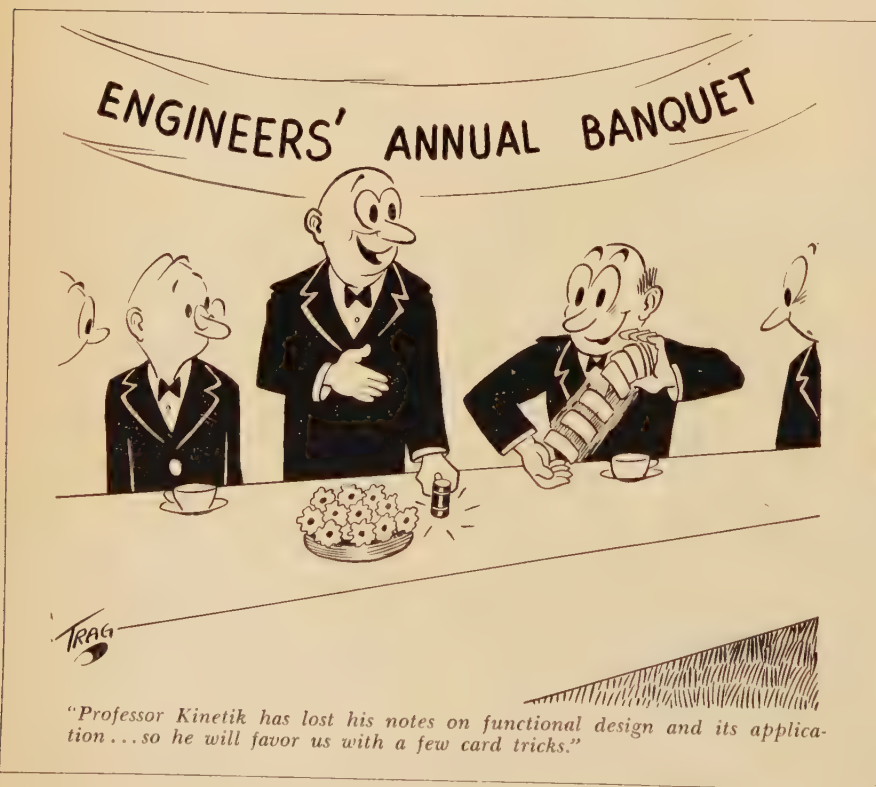
#### Retirement Problem

On a farm, when a man was young, maybe he milked 20 cows a day. When he got old, say 65, maybe he could only milk 12; and when he got to be 80, if he was still in good health, maybe he just fed the cows, but he still had at least a part-time job.

In a modern plant, with progressive manufacturing and conveyor assembly lines, a man who can't keep up his part of the work must be taken off that job. He can't do 60 per cent of it as he gets older because that would reduce the whole production down to sixty per cent. And if we did that in consideration for the old man, reducing the production for everybody in the group to their level, the whole country's production would be slowed down, costs and prices would go up, prosperity would be lost, and all of us, including the old man, would not get along very well.

The feeling of insecurity on the part of the industrial worker in the city which has led to the public approval of pension plans merely points up the desire on the part of all for some similar economic security in old age. Men of good will in all countries, whether they be politicians, labor leaders, in-

(Continued on page 28)





## Boom—Europe In '50

(Continued from page 14)

o 12 passengers. Realizing that student travel to Europe will be heavy this year, United States Lines plans to augment its regular passenger liners, the *America* and the *Washington*, with the charter of three C-4 steamers of the Maritime Commission to operate from May through September.

Some idea of the vast range of berth accommodations aboard regular trans-Atlantic liners is indicated by the following minimum fares (in some cases higher during the summer season April 1 to August 31, eastbound, and June 15 to October 31, westbound):

One class ships—\$164 per berth one way to \$200.

First class—\$200 to \$375 per berth each way.

Cabin class—\$210 to \$290.

Tourist class—\$160 to \$245.

By plane, the regular one-way New York-to-London fare is \$350, round trip \$630. A special 60-day round trip excursion rate, good un-

til March 31, is \$466.70. The 15-day round-trip excursion rate, good only until March 15 on Eastbound departure, is \$385. On this trip return flights must be started no later than March 31.

### Extra Costs

In estimating the cost of a European trip, even on the so-called all-expense tours, the traveler must be prepared to spend additional money. Tour prices exclude, for example, gratuities on ocean steamers, French port taxes, deck chairs and steamer rugs, the cost of passports or visas, laundry, wines and liquors, and after-dinner coffee. In some cities like London and Paris the dinner meal is an additional expense.

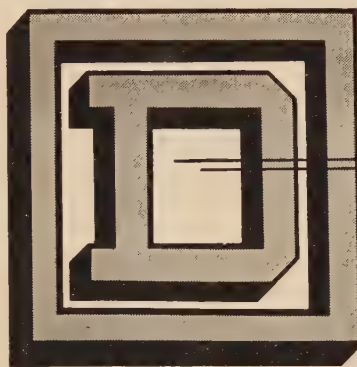
To cover such expenditures, travel authorities advise against carrying quantities of U. S. currency. Traveler's checks, issued by agencies like American Express Company or various banks, are accepted through-

out the continent and provide protection against theft and loss. It is ill-advised to use American paper money when dealing directly with foreign shopkeepers, hotels or restaurants because of the intricacies of exchange and because bills over \$5 are not easily negotiable. Europeans are wary of large bills, fearing they may be counterfeit.

The best bet is to buy traveler's checks in fairly small denominations, \$5, \$10 or \$25, and have them changed into the currency of the country as they are needed. Europeans actually prefer to be paid in traveler's checks representing U. S. dollars, as the American bills themselves must be turned in to their governments when received, while the checks can be retained for trading purposes.

In applying for a passport, which costs \$10, it is necessary to establish proof of American citizenship, but there is little red tape involved. In Chicago, for example, one can get a passport by telephoning the State Department's new passport division. In 24 hours the passport can be cleared. To return to this country

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from Europe, a traveler must have a small pox vaccination that is not more than three years old. It is advisable to get this before sailing.

It will be necessary to get tourist visas from foreign consulates of some countries before embarking, although many countries have now dispensed with this formality.

When traveling on the continent one suitcase of medium size may be taken free, with excess baggage an additional cost. Trunks are carried free during the ocean voyage but are transferred or stored at the traveler's expense during the land portion of the tour. For passengers traveling by air, the free baggage weight allowance is 66 pounds per passenger.

Adding gifts and other "extras", the average tourist is estimated to spend somewhere between \$500 to \$1,000 in Europe when he is on his own, not on an escorted tour.

Nevertheless, the European traveler this year is likely to get a bargain in entertainment, luxury, excitement and education. For businessmen who combine business with

pleasure there will be numerous trade fairs and expositions. England will have its British Furniture Exhibition from February 14 to 24, the Ideal Home Exhibition from March 7 to April 1, and the British Industries Fair, May 8 to 19. France will have the Lyons International Fair with its display of farm implements, food products, housewares and textiles from April 15 to 24. Belgium's International Fair with its exhibition of mechanical and electrical items, textiles, home furnishings and luxury products will be held April 29 to May 14.

#### Many Trade Shows

Weaving, glass work and industrial machinery will be shown at the Spring trade fair at Utrecht, Holland, March 21 to 30. These are but a few of the long list of business shows to be held in the British Isles and on the continent throughout the year; a complete list is available from the European Travel Commission.

Added to these business attractions is a colorful calendar of reli-

gious celebrations in the churches and around the shrines of France and Italy. Meanwhile, the little village of Oberammergau in the Bavarian Alps will resume, for the first time since prewar, its daily presentations of the Passion Play, May 21 to September 17. Presented every ten years before the war, the famed Passionsspiele Oberammergau has not been given since 1934, the 300th anniversary of its inception. For the artistically inclined, Edinburgh and Salzburg will offer music and dramatic festivals.

In a word, there is little doubt that in 1950, as seldom before, the Old World will entice citizens of the New to play, pray and spend in prodigious amounts.

### Impelling vs. Compelling

(Continued from page 18)

They were brought together in small groups to discuss what might be wrong with production. The workers did the talking, not the bosses. A psychologist served as discussion leader, to keep the talk going and on the topic. He did not tell them how to turn out more work; he left it up to the girls to decide whether it might be possible, and how. After several discussion meetings these groups decided they could increase their output, and they set a goal toward which to work.

The next week their output jumped to a new high. During the next few months it averaged 18 percent higher than before impelling; leadership was instituted.

No one told these workers to move faster or waste less time. It was their own decision. They were impelled from inside themselves. They had no motive to slump on the job to prove that a commanding boss was wrong. They were impelled to increased production, not to resent being pressured. Since they had agreed in front of others they could do more, they had an added motive to make that decision come true—just as a telephone message is more likely to be delivered if you ask the name of the person with whom you leave it.

Another test of the merit of impelling leadership came later when a change of methods was proposed. People who are used to working a certain way usually resist changes.

# PENSIONS



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Companies have found it easier to break in green workers than try to force experienced employees to learn new ways. When this textile plant was faced with changed methods in some departments, the psychologists tested three ways for leading the workers to adapt to the changes.

One group was bluntly told, in the old-fashioned way, that changes were being made and they might as well make the best of it. Their production went down about 20 per cent, and stayed down—compelling leadership again!

### "Representative" Method

Another group of workers was told about the proposed changes by "representatives." The engineers had explained the whys and wherefores of the changes to these representatives, and they told fellow workers what was going to happen. When the changes were made, these workers slumped at first, but gradually improved until they were slightly better than with the former method.

Impelling leadership was used with a third group of employees. Small groups were called together and under a discussion leader the workers themselves talked over the problem and changes which might solve it. Again, the workers did the talking, not the boss. The changes they finally decided to make were, logically, the changes that were used for all workers. This group decided on the changes for themselves, and they had a steadily increasing output after the changes were made. This impelled group reached a level 20 per cent higher than they had before the changes, while the compelled group fell 20 per cent.

Few companies operate at an efficiency of as high as 85 per cent. Most are nearer 50 per cent. Companies continually drive to raise efficiency, but actually many of these drives are the direct cause of still lower efficiency!

Most bosses use compelling methods when they want to increase efficiency. They take the direct route, as the foreman did when he had the tables made smaller. Compelling leadership produces only half-hearted obedience at best, and more often arouses lasting antagonism. When any action is contem-

plated that directly touches the worker's life, the strategy of impelling leadership is essential. Company finances, expansion, and other top-level decisions may be made autocratically without much harm. But when individuals are involved, you confront that strangest of all elements—human nature.

"Whenever possible," says Henry Ford II, "the men below should be given a chance to participate in making those decisions."

Impelling leadership demands patience. The curt manager who wants things done the instant he thinks of them lacks the patience to lead employees to take part in decisions. In an emergency, a forceful direct order may be appropriate. But in all other situations affecting workers the best way to lead is to take time to make them want to follow. Trying to "Do it now" has lowered many bosses' leadership and reduced workers' efficiency.

Impelling leadership requires more ability to keep in the background than some aggressive supervisors possess. They are included to dominate in a conference, when it would be more effective to present the problem and give any technical information the workers may want in reaching a decision. Philip D. Armour summed it up once by saying: "Most of my success has been due to keeping my mouth shut." The impelling leader listens.

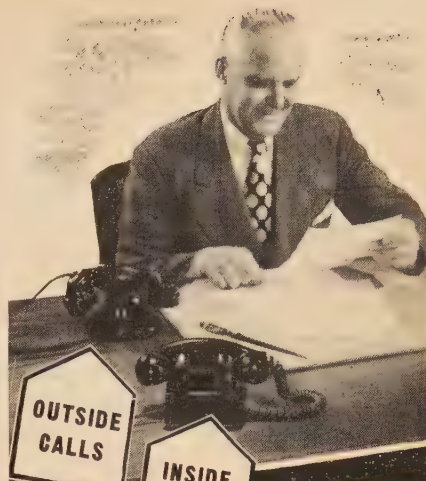
### Leads By Planting Ideas

The impelling leader treats people as seedbeds for ideas. They plant ideas in others' minds. They share problems with employees. They inspire others to think. Although they may know the answers, they keep mum and wait for others to discover them. It is easier to lead when followers are doing what they themselves have thought should be done.

Making others admit that your idea is the right one does not make it impelling. It has to be their idea.

That autocratic foreman who sawed the tables off to surprise the girls might have followed this impelling procedure:

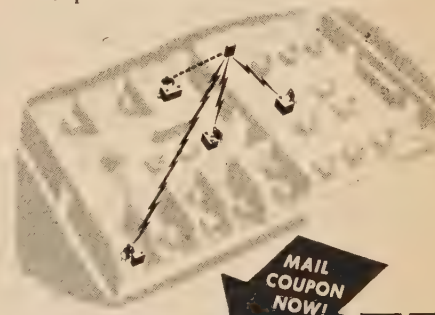
1. Call their attention to the difficulty of pushing trucks through the narrow aisle.
2. Ask what ideas they have for



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making more room for the trucks.

3. Keep them thinking and talking about possibilities until they offer a solution.
4. Get the change made as they recommend.

It looks easy when outlined that way, but it is not. It takes about two years of self-discipline and practice before the average supervisor can acquire the knack of leading workers to their decisions. Some of them can never get the necessary patience and control of a domineering streak for impelling leadership. They remain the autocratic "Great-I-Ams" who strive to be master of every situation, only to lose mastery over people. Those who become impelling leaders subdue their "Great-I-Am" attitudes and develop the "We-All" attitude.

The measure of a leader is not how much he knows, but how enthusiastically people follow him. The "We-All" strategy produces enthusiasm, for then workers are following their own decisions.

People need to be led. Leaving them alone is not leadership; that produces indifference and lessens pride in accomplishment. Compelling is poor leadership; its autocratic methods humiliate and irritate others, arousing resentment and hostility. Impelling is the best leadership; its democratic strategies bring out the best efforts and change workers into supporters. Impelling leadership transforms a job into *my* job, changes *the* company into *my* company. No arguments or orders by a compelling boss can accomplish this.

## Pitfalls In Road To Security

(Continued from page 24)

dustrial executives, professional men or workmen, recognize the same desirable objective; namely, a stable society with a continuing improvement in the welfare of all the people. But there is a terrific difference of opinion as to the best means of achieving this desirable objective and in how to measure the progress that is or is not being made. Apparently, these same differences of opinion exist regarding ways to take care of the aged.

However, the desire for economic security in old age in one form or another is generally looked upon as one of the normal desires of enlightened human beings.

To properly appraise this problem of old age security or social security it is necessary to realize that such plans or programs in our country now rest upon five grounds:

1. The basic and normal desire on the part of all citizens for such

economic security. This was recognized in private pension plans and savings plans long before there was any federal plan or any greater insistence on the part of unions for such plans.

2. The fact that the cost of caring for the old, the unemployed and the sick on at least a minimum subsistence basis must fall upon the economy in some form or other. They must be cared for in some way, and the problem really is how this can best be done and how this burden should be distributed.

3. In our prosperous nation men and women who have been gainfully employed and have had a standard of living much beyond a subsistence level are not satisfied in their old age to drop down to a mere subsistence level. They are willing to work and pay for some old age security, and the question is what portion of their current earnings are they willing to divert for this purpose.

4. Pensions have now been determined to be matters for collective bargaining. Under these circumstances any plans which are developed by collective bargaining must be integrated with the federal plan, whatever that is.

5. Since we have elected to have a federal plan it should cover as many citizens as possible with the ultimate objective of covering on a minimum basis all those who are or may be gainfully employed—the self employed as well as those that work for others.

### Elements Of Problem

The problem would seem to be how to provide pensions at a tolerable cost without destroying self reliance, without reducing effort on the part of the individual, without tying a man to his job and without destroying the initiative of the millions on which the prosperity of our country depends. If an important part of a workman's pension depends upon employment with a particular employer, all employers both large and small will have a great deal of difficulty in regard to employee separations which involve loss of pensions. Employers will hesitate to employ middle-aged workers who may be out of work, and other middle-aged workers will hesitate to take better jobs with other em-



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employers when such opportunities occur, for fear of losing an important part of their pension. Such inflexibility in the working force would interfere with necessary production and business adjustments and would retard progress. Furthermore, private pension plans cannot effectively meet the situation in industries with inherently heavy labor turnover among numerous small employers, of which the construction industry is the best example.

### Federal Pensions

Adequate federal pensions financed on a sound basis would seem to be the real answer to the problem. Such federal pensions must give more consideration to the requirements of skilled and semi-skilled workers and white collar workers than the proposed changes now before Congress would provide. The provisions of H.R. 6000, already approved by the House, and now before the Senate, discriminate drastically against the higher paid employee as does the existing law. Unless the benefits for higher paid workmen are made more nearly proportionate to their contributions and those of their employers the problem of making up the discrepancy will create an extremely difficult situation for many, if not, most businesses. Even those businesses which can meet this added burden will still be paying twice for the same pension, that is, once for the federal plan and again to make up for its deficiencies for their better paid men. However, federal pensions must not be too big or the cost will be too great. With this limitation, federal pensions will not meet the demand in all cases, especially in high production industries where wages are high and employees are accustomed to a higher standard of living. In many cases such industries and their employees are located in the larger cities where the cost of living in retirement is also much higher.

I do not consider that federal pensions fully paid for by employer and employee are in any sense contrary to free enterprise but amount to an extension of the principle of group insurance. The federal old-age assistance program on a hand-out and political basis

is much more likely to get us into difficulty. To reduce and ultimately liquidate the federal old-age assistance program should be the ultimate objective. This is why it is so necessary to extend coverage under the federal pension plan to the maximum number possible and ultimately have it cover all people who are or will be gainfully employed. It would seem that assistance on a need basis could well be left to the states and local communities. If you are not familiar with the federal old-age assistance

program, you should familiarize yourself with it.

If the people of our country who are gainfully employed are taxed as a group through their employers and through payroll deductions so that in total pensions paid do not exceed collections under the plan, it is hard for me to see how the hope of receiving a pension some day on the part of those who have contributed will undermine their spirit of independence, confidence or self-reliance or cause them to lose their dignity,

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self-respect or moral stature. I think we should keep in mind that we are talking about some measure of economic security in old age for the millions of our fellow citizens who are the real producers of the nation and who are willing to work for the things they would like to have, among which is an old-age pension. We have millions of salesmen abroad in our country trying to persuade these same people to spend the last dollar they can get their hands on. We have radio, television and all forms of advertising programs designed to entice them to spend their money, and with the best of intentions they are likely to arrive at their old age without on their own initiative having accumulated adequate personal savings. They are also subject to the individual hazards of life which at various periods may use up such savings as they have been able to accumulate. This is why these same people are in favor of some form of insurance which they are also willing to pay for, and thus minimize their individual hazards. The popularity

of industrial group insurance is evidence of this.

Improved technology and our American genius for organizing production and distribution have made it possible to reduce the workweek from 60 hours 50 years ago to 40 hours now and at the same time raise the average standard of living. Efficient business administration and ever-improving technology, if not interfered with, will make it possible in the next ten years to underwrite minimum pensions without

increasing current working hours or decreasing the purchasing power of an hour's labor.

It is my hope that the Congress will work out a sound federal pension plan that will greatly reduce the problem of individual businessmen, unions and employees and that those of you who have unions to deal with regarding this matter will find your union leaders willing to wait to see what the federal plan is going to be before pressing demands for immediate settlement of the pension issue.

## Here, There and Everywhere

(Continued from page 8)

lighting experts regard the ideal—a ratio of three to one. Planning your office colors in order to prevent eye fatigue means using shades on desks, furnishings, walls and ceiling that avoid sharp contrasts. The latter require the eye to contract and expand every time the gaze is shifted from light to dark. A new booklet, "Office Planning For Profit," explains the theory in detail and is available, without

charge, from the Wood Office Furniture Institute, 730 Eleventh Street, N.W., Washington 1, D. C.

• **Costly Greetings** — Compared to December, February is no great shakes as a greeting card month—although it does have St. Valentine's Day. This is by way of preface to the fact that America's huge greeting card industry is finding it increasingly difficult to satisfy the demand for original and unusual cards. Last year, for example, Hallmark offered \$28,000 in prize money to flush out new artistic talent for its big line of all-occasion cards. The result was a swarm of contributions with no less than 10,000 artists suggesting new ways to say, "Get Well," "Congratulations," "Happy New Year" and (seasonally) "I Love You."

• **Popular Training Course** — One out of every 10 of the 3,000 employees of SKF Industries have enrolled in a new company-sponsored program of after-hour training courses. The company regards this response as "very significant," since 70 per cent of worker-students are factory employees. The program is designed to help workers understand specific jobs; textbooks are supplied by SKF; and thus far the most popular subjects have been quality control, shop mathematics, production planning, slide rule and blue print reading.

• **Trade Opportunities** — One of the federal government's more utilitarian publications is the Foreign Commerce Weekly, in which the

(Continued on page 37)

# Your Pension Plan

To be successful, your pension plan *must* provide protection against shrinkage of the dollar's purchasing power. The plan that promises payment of a stipulated number of dollars 10 or 20 years from now is not the answer. If history of the past decade repeats itself, the beneficiary might find 10 years hence that the dollar he gets is worth only 57 cents in terms of buying power. The most practical answer is

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# Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

THE brewing industry has been somewhat of a paradox in the last several years. Business has been excellent in terms of total sales of beer, but large numbers of breweries have been forced to close their doors or consolidate with a stronger firm. The casualties, as a rule, have been among the smaller breweries, while the big producers with effective advertising programs have prospered.

Griesedieck Western Brewery Company has not only survived competition of the toughest sort in its principal market, but has moved into the class of larger operators by virtue of the acquisition of another brewery on favorable terms. Griesedieck Western's most important single market territory is the St. Louis area, and the company's Stag beer is the largest selling "packaged" beer, that is, beer in bottles or cans, in that area. This position has been won against such St. Louis breweries as the giant Anheuser Busch, Falstaff, and Griesedieck Brothers.

Capacity Increased

In November, 1948, Griesedieck Western increased its brewing capacity about 80 per cent when the Hyde Park Breweries Association, Inc., owner of a brewery in St. Louis, was acquired through an exchange of stock.

The increase in capacity was badly needed, although that was not the only advantage in the merger. During peak periods the company had found it necessary to allocate Stag beer among dealers even though the brewery was put on a three-shift basis. The Hyde Park brewery had capacity to spare, and it now produces both the Hyde Park brand and the Stag brand, by different processes.

A secondary but important factor making the merger attractive to Griesedieck Western was the belief

that substantial sales gains could be achieved for the Hyde Park brand in the St. Louis area at a much smaller cost than would be required to increase the sales of Stag beer by a like amount. The Griesedieck Western management also expected, of course, to put the Hyde Park brewery on a paying basis. In the period of nearly eight months from March 31, 1948, to November 20, 1948, when the merger became effective, Hyde Park Breweries Association, Inc., had an operating loss of \$164,428.

Benefits Weighed

The full benefits of the merger to Griesedieck Western Brewery Company probably were not attained during the first full calendar year of combined operations. For one thing, a year is hardly sufficient time to complete the job of rebuilding the sales of a product that had been on the downgrade. In any event, the company's report for the year 1949 will not present the merger benefits in the best possible light, with the possible exception of the sales figures. This is true because the merger presented many opportunities for economies that were effected during the year, and there were write-offs of a non-recurring nature that were charged against 1949 earnings, such as the disposal of duplicating equipment and facilities.

Despite these factors, net earnings for the year ended December 31, 1949, have been estimated by Edward D. Jones, president of the company, at \$4.80 a share on 640,017 common shares, after deducting preferred dividend requirements, as compared with \$3.85 a share earned in 1948 on a like number of shares. Net sales last year were between \$29,000,000 and \$30,000,000, as compared with \$21,437,628 in 1948 for Stag beer only. Jones expects a further gain of 25 to 30 per cent in sales during 1950.



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# HOW MUCH IS A FIGURE WORTH?

"... 17,266,044 net tons of steel ingots"\*

"... \$156,279,000 for additional plant facilities"\*

"... 2,525,000 employed in Chicago industry"\*

"... record \$4,200,000,000 in retail sales"\*

The right figure (in a pinafore or a production report) is a valuable asset, as any businessman knows. Industrial figures are especially vital to management men who must look at the past and plan the future. Thus it is that a good many Chicago businessmen are now looking forward to the year's biggest single collection of vital facts and statistics reflecting Chicagoland business in 1949.

Each year they are presented in the March "Business Review" issue of **COMMERCE MAGAZINE**. This is a very special issue of **COMMERCE**; work was begun long ago to give you the most factual review of Chicagoland business available anywhere. It will be jam-packed with information that will be of invaluable help to board chairmen, presidents, sales managers, treasurers, advertising managers — just about everyone in business.

Since there is a limited press run on this outsize **COMMERCE** special, may we suggest that you phone or write ... **NOW** ... reserving extra copies for the personal, year-long use of your management men?

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MAGAZINE

One North La Salle St.

FR 2-7700

Griesedieck Western, founded in 1857, owns a modern brewery with a capacity of 1,000,000 barrels of beer annually, in Belleville, Ill., a few miles from St. Louis. The Hyde Park brewery has a capacity of 800,000 barrels annually.

Both breweries produce 3.2 per cent alcoholic content beer, which is legal for sale in "dry" areas, as well as regular alcoholic content beer. The company's sales are overwhelmingly in "packaged" beer, and its sales efforts are concentrated on this business. The packaged beer is more profitable than draught beer sold in barrels or kegs. Handling costs are lower, there is less need for refrigeration, and the brewery is relieved of the necessity for maintaining the coils of dealers in order to preserve the quality of its product as it reaches the consumer.

#### Agent Distributors

In the St. Louis area the company acts as its own distributor, but elsewhere it uses the services of agent distributors. The Stag and Hyde Park beers are sold in eight states—Missouri, Illinois, Oklahoma, Arkansas, Iowa, Kansas, Tennessee, and Texas. Recently the company launched an advertising campaign for Stag beer in Chicago. Advertising media used primarily by the company are newspapers and billboards. Radio advertising is also used in the St. Louis area.

Immediately after the acquisition of Hyde Park Breweries Association, Inc., the company installed scientific laboratory controls to assure uniformity in the Hyde Park product. In addition, Hyde Park's long term bank loans of \$700,000 and its current debts were paid off.

Funds for these purposes were raised through the sale of 50,000 shares of five per cent \$30 par value convertible preferred stock. The preferred stock is convertible at any time into common stock on a share for share basis. It is redeemable at \$31 a share at any time on 30 days' notice. The company has no funded debt.

Authorized common stock, \$2 par value per share, totals 750,000 shares, of which 640,017 are outstanding. In November, 1948, just prior to the merger, the then existing common stock was changed from \$6 par to \$2 par, and three of the new shares were exchange

\* Figures are from the March 1949 issue of **COMMERCE Magazine**.



for each share of the old stock. A dividend of 100 per cent in stock was paid in 1947. The company issued 198,219 shares of the \$2 par common in exchange for all stock of Hyde Park Breweries Association, Inc. Common stock is listed on the Midwest Stock Exchange and the New York Curb Exchange.

Dividends totaling \$2 a share were paid on the common stock in 1949, as compared with \$4 a share paid in 1948 before the three-for-one split. In 1947 the company distributed \$2.25 a share before the 100 per cent stock dividend, and 50 cents a share subsequently. Payments in other recent years were: 1946, \$2.75; 1944 and 1945, \$2.50; 1942 and 1943, \$2; 1941, \$1.50; 1939, \$3; 1938, \$4; 1937, \$2.50.

Following is a comparison of net sales, net earnings, and earnings per share of common stock, for the years 1940 to 1948, inclusive:

Yrs. end Dec. 31	Net Sales	Net Earnings	# Earn. per share comm.
1948	\$21,437,628	\$2,472,118	\$3.85
1947	13,513,923	1,387,487	9.42
1946	7,444,694	500,539	7.44
1945	7,016,498	404,147	5.92
1944	6,064,768	309,075	4.40
1943	4,988,191	369,123	5.36
1942	4,199,172	243,568	3.36
1941	4,232,189	268,206	3.74
1940	4,040,126	221,179	2.99

# After preferred dividend requirements. Based on stock outstanding at end of year: 1948-640,017 shares; 1947-147,266; 1946-62,987; 1941-45-62,814; 1940-62,789.

In the immediate postwar years, shortages of ingredients and other materials and supplies restricted Griesedieck Western's sales. In

1948, however, with this problem no longer existing, sales soared to a record \$21,437,628 from \$13,513,923 the year before.

Because beer is relatively cheap it is considered a depression resistant beverage. When economic conditions are unfavorable, sales of beer, "the working man's champagne," hold up better than sales of more expensive drinks. Nevertheless, Griesedieck Western is girding itself for times when conditions may be less favorable for its industry by building up a strong financial position. At the end of 1948 the company's holdings of cash and U. S. Government obligations (other than U. S. Treasury tax notes which were offset against income tax liabilities) totaled \$2,054,740 and total current assets were \$4,139,399. Current liabilities totaled \$749,816. The ratio of current assets to current liabilities was 5.5 to 1. At the end of 1949, cash and government securities totaled about \$3,000,000 and the ratio of current assets to current liabilities was 12 or 13 to 1.

Griesedieck Western has no plans for further expansion nor for large capital expenditures. Modernization of the Belleville brewery was completed some time ago, and the Hyde Park plant was modern when acquired and included a new \$2,500,000 bottling plant. The company's annual report for 1948 declared that its brewing facilities were the most modern in the St. Louis area and that both plants were in excellent physical condition.

Battle on the Drawing Boards!

(Continued from page 20)

engineering problems act as limitations on the designer, but it is not his function to work them out. Every designer acquires a fair working knowledge of engineering and production. Nevertheless, it is frequently necessary to hand over a production problem along with a recommended new design. An ideal condition exists when the designer has the willing cooperation of the client's engineering department. Assured of this cooperation, he can make bolder moves and achieve better results than when the threat of engineering department opposition hangs over him.

may have an edge on the technician is his familiarity with new materials. Producers of new plastics, fabrics, or the like, go to the designer first. The designer invariably is interested, for new materials with which to work are one thing that keeps design, and designers, alive.

So long as free competition continues to exist, the industrial designer will be in demand. The cost of his services is in the same category with advertising costs. If the advertising is good, it brings in not only its own cost but much more besides because unit costs are lowered by mass production. Good design does the same.

One point on which the designer



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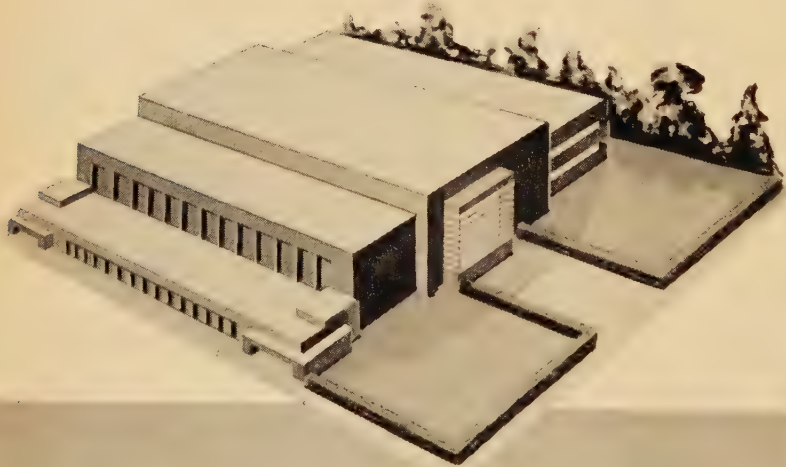
that you can have a plant built to your exact requirements and specifications in one of America's great industrial areas and financed on either a purchase contract or long term lease.

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RA ndolph 6-4042

120 South La Salle St., Chicago 3, Illinois  
PHIPPS INDUSTRIAL LAND TRUST—Owners

If the design profession can get away from the glamor tag as advertising has done, it will make even faster strides than it has so far. Once the businessman visualizes the designer as he actually is—a shirtsleeved fellow who studies blue prints and specifications by the hour, then painstakingly makes reams of sketches before he comes up with an idea he likes—the two will get along together very well.

The designer should be taken into the policy-making group, not for what he can contribute in new ideas but so that he knows exactly what company policies and goals are. Information he needs includes not only engineering data but also the projected price of the product, the method of distribution, major sales features, the proposed advertising program, and all other pertinent facts the client possesses.

### Cooperation Needed

The designer will do a better job if he has the counsel of the sales manager as well as the vice president in charge of engineering. The sales manager knows the little touches and features that appeal to the consumer. The service manager too can be the source of excellent information. The advertising manager, of course, should be consulted. He and the designer should inspire each other. A planning committee composed of every individual who can contribute a constructive idea would be invaluable to the creation of a salable product.

The industrial design profession is comparatively young—it was a depression-born baby—so it is not surprising that even its practitioners are not agreed on just what it can or should do. Moreover, there has been a considerable span of years during which design was suspended, and its valuable function was perhaps forgotten. During the war years there was nothing new to design, and in the first few post-war years you could sell anything.

As competition returns, design is beginning to take up where it left off. Along with new products, such as television, and improved versions of older products, design will be a major factor in keeping the economic machinery moving in high gear.





## INDUSTRIAL DEVELOPMENTS IN THE CHICAGO AREA

INVESTMENTS in the construction of new plants, expansions of existing facilities, and the purchase of land and buildings for industrial purposes in the Chicago Industrial Area totaled \$22,270,000 in January, 1950, compared with \$6,432,000 in January, 1949. The January, 1950, total represented the largest investment recorded in any month since September, 1948.

**Budd Company** of Philadelphia and Detroit, manufacturer of automobile bodies and wheels and stainless steel railroad cars, has purchased 140 acres of land along Fifth Avenue and Chase Street, Gary. The company will construct a stamping and body assembling plant on the site, the first unit of which will contain 250,000 sq. feet.

**American Brass Company**, Division of Anaconda Copper Mining Company, has purchased a six-acre site at 4601 W. North Avenue on which it will construct a warehouse. Older Realty Company, broker.

**Olson Rug Company**, 4010 W. Diversey boulevard, will construct a six-story and basement addition to its plant. Neistadt and Love, engineers.

**Admiral Corporation**, radio and television manufacturer, 3800 W. Cortland street, will construct an addition to the building it recently purchased at 1901 N. Springfield avenue. The building is being converted into a warehouse and office building for the company.

**Mall Tool Company**, 7740 S. Chicago avenue, is expanding its plant in Crete, Ill., by the construction of a one-story steel and brick building which will add 80,000 square feet of floor space.

**Personal Products Corporation**, subsidiary of Johnson and Johnson,

has purchased the building at the corner of 65th and Narragansett avenue which it leased for the last four years.

**Leaf Brands Company**, gum manufacturer, has purchased the three-story building at 4506 Cermak road.

**Kraft Foods Company**, which has operated a laboratory in leased quarters at 923 Waukegan road, Glenview, for several years, has purchased the property.

**Nachman Corporation** has purchased the multi-story building at Armitage and Kolmar avenue, which it has occupied for several years.

**Consolidated Royal Chemical Corporation**, 544 S. Wells street, is constructing a building at 1657 W. Chicago avenue which will contain 88,000 square feet of floor area. The company manufactures a variety of drug products.

**Kleinschmidt Laboratories, Inc.**, 2363 Lincolnwood, Highland Park, Ill., has purchased a five-acre site in Deerfield on which it will construct a 17,000 square foot plant. The company will expand into the field of teletype machines.

**Walgreen Company**, 4400 W. Peterson road, will construct a plant at 6122 N. Clark street. The new plant will be used for the production of the company's advertising material. J. Emil Anderson and Son, general contractor.

**B. Kuppenheimer Company**, 3040 W. Lake street, is making additions to its plant. Gerhardt F. Meyne Company, general contractor.

**Fiat Metal Manufacturing Company**, 1205 W. Roscoe street, has purchased the one-story plant at 9301 W. Belmont avenue, Franklin Park. The property includes a plant with 38,000 square feet of floor area and 500 acres of vacant

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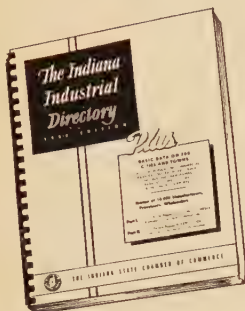
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land. The company manufactures shower cabinets, doors and receptors and metal washroom partitions.

**F. H. Levy Company, Inc.**, has purchased the plant which it has operated for some time at the corner of District boulevard and Kildare avenue in the Crawford section of the Central Manufacturing District.

**Sisco Brothers Candy Company**, 2121 W. Tilden street, has purchased the one and two-story building on the southeast corner of Grand avenue and Troy street. The building contains about 18,500 square feet of floor area.



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WE ALSO APPLY  
**REHNQUIST WONDER FLOOR  
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CAN BE APPLIED OVER ANY  
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**NOrmal 7-0433**

**Crop-Saver Chemical Company**, 3511 W. Potomac avenue, will construct a plant in Arlington Heights.

**E. Toman and Company**, formerly at 2621 W. 21st place, has moved to a new plant in Lyons. The plant contains about 5,000 square feet of floor space. The company is engaged in die casting small white-metal items.

**Bee-Gee Manufacturing Company** has moved to a one-story building in Oak Lawn. The company cans food such as chop-suey, mushrooms, noodles and steak sauce.

**Pure Carbonic Inc.**, 1805 S. Stewart avenue, manufacturer of dry ice, is constructing an addition to its plant. **Abell Howe Company**, contractor.

**General Paint and Varnish Company**, 2011 N. Mendell avenue, manufacturer of paints, will construct a one-story plant at 2023-27 N. Mendell avenue.

**Garbe Iron Works**, 618 Lafayette street, Aurora, Ill., is constructing a 5,000 square foot addition to its plant.

**G. H. Hammond Company**, Union Stock Yards, meat packer, is building an addition to its plant. **Builders Company**, general contractor.

**Marbon Corporation**, manufacturer of chemicals, is constructing a plant at 3500 Industrial Highway, Gary.

**Era Tool and Engineering Company**, 9301 Belmont avenue, Franklin Park, will construct an addition to its plant. **Klefstad Engineering Company**, general contractor.

**Guardite Corporation**, 9535 S. Cottage Grove avenue, manufacturer of food products sterilizers, has purchased property at the southwest corner of 95th street and Cottage Grove avenue. The land, which measures 450 x 507 feet, adjoins Guardite Corporation's present plant.

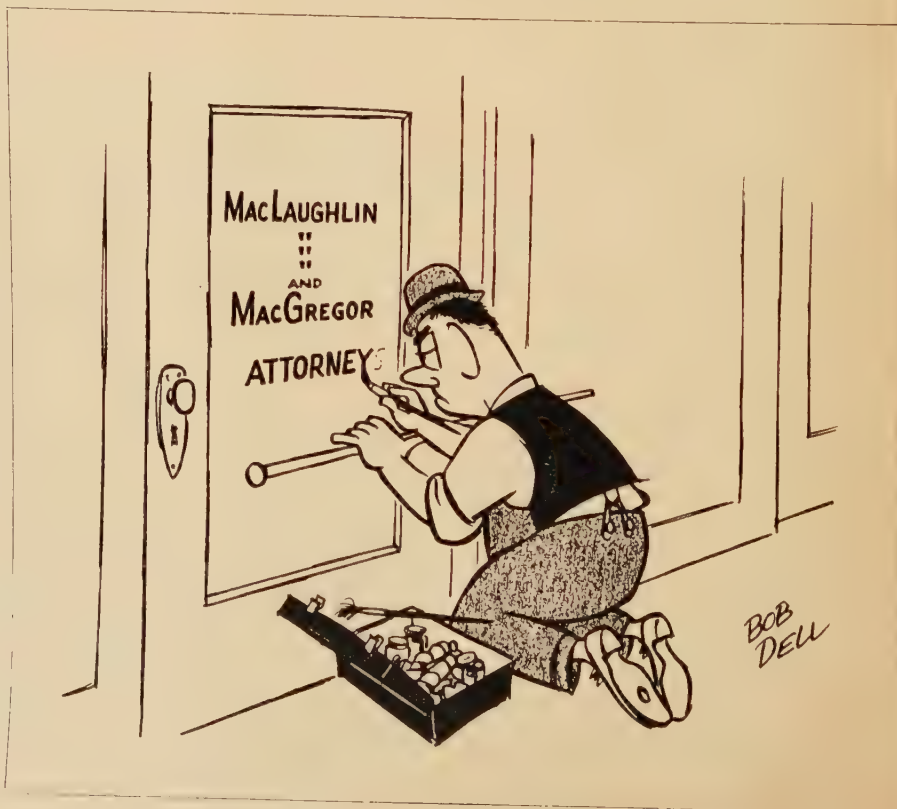
**Columbia Malting Company** is erecting four tanks of concrete and steel construction at its plant on East 105th street.

**Chicago Mailing Tube Company**, 425 S. Hoyne avenue, has purchased the two-story and basement building at 1040 W. Vernon Park place. The building contains 13,000 square feet of floor area.

**E. S. Baxley Company** will build a 5,100 square foot addition to its factory at 4515 S. Halsted street.

**Geneva Modern Kitchens, Inc.**, Geneva, Ill., is expanding its plant.

**Bentson Manufacturing Company**, Aurora, is constructing an addition to its plant. The addition will contain approximately 4,500 square feet of floor area.





## Successful Marketing

(Continued from page 22)

If you say advertising, that's very simple, but—how much? What medium? Should you use color? What should be the frequency, size, etc.?

If you say personal selling, how many calls, by what price salesmen, on what type customer, and so on.

Even after you have worked out your basic objective and after you have made a series of decisions regarding the specific actions, you are faced with a continuous problem of testing and measuring to see whether you are actually accomplishing what you think should be accomplished.

Are you truly informing more people? Are people's opinions really being changed? Are more dealers stocking this particular product?

Finally, having achieved those objectives in part, are these changes having any effect on sales?

In a word, the soundest approach to successful marketing is to get a good grasp of your marketing problem and a good statement of its objective. After that, you must set up your operating program in such a way that you can plan your actions and measure the results.

## Here, There and Everywhere

(Continued from page 30)

Office of International Trade lists foreign trading opportunities. Among the hundreds of commonplace products offered American traders in recent issues were these more fascinating offers: (1) a machine for growing farm animal fodder indoors, said to produce foot-high corn fodder in six days flat, by a Belgian firm; and (2) phonograph recordings of Belgian Congo native chants and drums.

• **But No Hopalong!** — Among the exhibits scheduled for the eighth annual seminar of the Office Management Association at Chicago's Stevens Hotel this month, is one suggesting the advantages of an office television system. The point is *not* to allow employees time off to see "Howdy Doody." Rather, the plan is for a local interoffice TV hookup that would allow management, for example, to sit in an auditorium and observe the operations of a machine or a de-



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*Hiawatha*  
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**MIDWEST**  
*Hiawatha*  
Chicago—Des Moines—Omaha  
Sioux City—Sioux Falls

**CHIPPEWA**  
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**NORTH WOODS**  
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## HIAWATHAS

During the dangerous winter months, leave your car at home and make intercity trips throughout the West and Northwest via The Milwaukee Road. You have no worries about snow storms, fog, icy highways or early darkness when you ride the smooth, steel highway of the HIAWATHAS. If you really need a car at your destination, get one through the convenient Rail-Auto Service.

The orange-maroon-and-silver HIAWATHAS are all new and luxurious. Accommodations are available to suit your travel budget. Round trip coach fares on The Milwaukee Road are just over 2¢ a mile.

Ask your Milwaukee Road agent for information, or write to V. L. Hitzfeld, Gen'l Agent Pass'r Dept., Room 711, 100 W. Monroe St., Chicago 3, Ill., CEntral 6-7600.



# THE MILWAUKEE ROAD



partment. Or, sales people could be trained by showing them actual sales floor situations while in progress. Still another suggested use: a bank teller could press a button and a signature card could appear before him on the screen.

• **Aluminum Gas Line** — The nation's first aluminum gas line has been laid by the Alabama-Tennessee Natural Gas Company. It consists of all-welded aluminum alloy pipe extending underground about 1.8 miles from the gas company's main trunk line to the Listerhill, Ala., plant of Reynolds Metals Co. The line is designed for a working pressure of 200 pounds per square inch, and a burst pressure of 1,750 per square inch.

• **Hair-Line Detector**—Minneapolis Honeywell Regulator Company has developed a highly sensitive instrument for detecting nuclear-energy rays which is capable of measuring to 100 millionths of a millionth of an ampere. The instrument, according to the company, should have applications in a number of indus-

trial and scientific fields, as well as in medical science, where it could be used to trace the course of isotopes after they have been injected into the human body.

• **Wintertime Boon** — The Automobile Manufacturers Association has at least one nice thing to say

about these winter months. Your radiator may freeze up, your heater may not work, the chains never want to go on . . . but you get more gasoline for your dollar. Since gasoline expands as the temperature rises, you get more gasoline per gallon in winter than in summer.

## Trends In Finance and Business

(Continued from page 11)

peak bookings. In many cases, individual manufacturers enjoyed a 100 per cent increase over business at the January 1949 market.

The results of this buying splurge by retailers, who bought to replenish depleted inventories, will show up in furniture stores in the spring when the new merchandise is shipped. Retail prices, however, may be a trifle higher, since manufacturers' prices were up two to three per cent from a year ago.

A trend toward modern furniture was observed in the winter exhibits of many manufacturers. The ranch-type home also is exerting an influence on furniture design, with more and more pieces scaled to larger proportions and upholstered in less formal fabrics, such as nubby weaved and large scaled prints.

One furniture trend that should appeal to the tired businessman: the all-purpose bed, involving a storage headboard for radio, books, telephones and such electrical appliances as the automatic coffee pot that switches on at a selected hour and has hot coffee within reach when the alarm clock swings into action.

“ “ ” ”

**Investment Shares** Found Popular In Midwest and West

A National Association of Securities Dealer survey discloses that investment trust shares are far more widely held geographically than are corporate stocks. Holdings appear especially heavy in Mid-western and Western states where investment shares seem to have relatively greater popularity than do corporate stocks. An earlier NASD survey showed the latter shares to be rather heavily concentrated in a few states.

On the basis of population percentages, Maine and New Hampshire led all other states in invest-

ment trust share holdings, each with approximately 1.6 per cent of their populations being shareholders. Of the first 15 states, however, more than half are in the Mid-west and West. Illinois ranks 18th with one-half of one per cent of its population being investment trust or fund shareholders.

“ “ ” ”

There will be nothing drab and dreary about life in the second half of the Twentieth Century if the forecasts of the Painting and Decorating Contractors Association materialize. According to these experts, there will be a growing trend this year toward brighter, even extreme, colors in wall decorations in homes. Many a homeowner, the association predicts, will adopt such extremes as charcoal black in the living room and turquoise enamel in the bathroom.

This is no mere pipedream of the imaginative home decorator for already a number of new colors—including Bermuda Mint, Golden Spice, Lustrous Lime and London Taupe—are gaining popularity among homeowners. A year-end survey of color preferences in Chicago homes showed grays, greens, blues, yellows, chartreuse, and deep tones of brown, pink, and red coral popular in dining rooms; grays, greens, blues, browns, as well as burgundy, chartreuse, rose and Spruce blue in living rooms; and blues, greens, yellow, pink, deep rose, peach and deep brown in bedrooms.

Summing up the decorators say: “Things are happening today with home wall colors that were never even dreamed of back in grandma's day when oyster white was about as daring as anyone dared get.”

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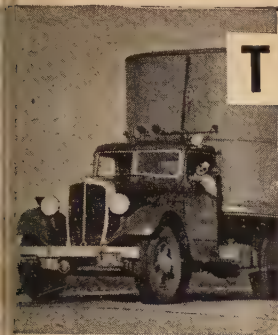
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# TRANSPORTATION and TRAFFIC

☆

INTERSTATE Commerce Commission Examiners Samuel R. Diamondson and Chas. W. Berry, in their report in Ex Parte No. 69, Increased Express Rates and Charges, 1949, recommended that the commission approve the request of the Railway Express Agency, Inc. for an increase in their first and second class less-than-carload express rates and charges. In a petition, filed June 9, 1949, the agency asked authority to increase its first-class rates by 10 per cent and to make its second-class rates 75 per cent of the increased first-class rates. The report of the examiners states that "the evidence clearly shows the Express Agency's revenues are inadequate to meet the increased cost of operation and taxes and to make reasonable payments to the railroads for the facilities and services rendered by them." Exceptions to the proposed report were due January 26, 1950.

**Motor Minimum Charge Increased:** Tariffs published by the Central States Motor Freight Bureau increasing the minimum charge on truck shipments within Central territory from \$1.50 to \$2.00 became effective December 20. The \$2.00 minimum charge was originally published to become effective December 30, 1948, but was suspended by the Interstate Commerce Commission in I. & S. Docket No. M-2959. The initial hearing in this proceeding was held beginning December 5 in Chicago and a further hearing was held January 9 in Washington, D. C. The carriers, in republishing the increased charge, took advantage of the commission's failure to complete its handling of the investigation within the statutory time limit. A proposal to increase the minimum charge to a basis of 200 pounds at the first class rate was

voted down by the Standing Rate Committee of Central States Motor Freight Bureau. This proposal was opposed by The Chicago Association of Commerce and Industry and the Illinois Territory Industrial Traffic League at the hearing held in Chicago on October 12.

The Standing Rate Committee of the Middlewest Motor Freight Bureau held a hearing in Kansas City, Mo., on January 17 to consider a proposal to increase the truck minimum charge in Middlewest territory to a basis of 100 pounds at the first class rate but not less than \$2.00.

**Date for Filing Evidence in No. 28300 Extended:** The Interstate Commerce Commission has postponed the date for filing verified statements embodying evidence in Docket No. 28300, Class Rate Investigation, 1939, from December 30, 1949, to February 28, 1950. Rebuttal evidence of all parties will be due 30 days after filing of the original evidence with the commission. The commission recently reopened this important proceeding for further investigation for the purpose of revising the basic scale of Appendix 10 class rates and also to determine what, if any, arbitraries should be added to the basic scale for the benefit of so-called short line and weak railroads. The commission also submitted a scale of rates tentatively proposed as a substitute for the Appendix 10 scale prescribed in their original report. This proposed scale is approximately 60 per cent over the original scale. The Appendix 10 scale of class rates will be applied in connection with the uniform freight classification now under preparation in Docket No. 28310.

**Motor C.O.D. Order Postponed** to March 1, 1950: The Interstate Commerce Commission has post-

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poned the effective date of its order in Ex Parte No. MC-42, Handling of C.O.D. Shipments, from February 1, 1950, to March 1, 1950. The order, among other things, requires motor common carriers to remit C.O.D. collections directly to the consignor, or other person designated by him as the payee, within 10 days after delivery of the shipment. On interline traffic the delivering carrier must notify the originating carrier of such remittance at the time of payment of the C.O.D. amount.

**Rail-Barge Rate Order Again Postponed:** The Interstate Commerce Commission has postponed the effective date of its order in Docket No. 26712, Rail and Barge Joint Rates, from January 31, 1950, to March 31, 1950. The order, originally issued to become effective November 1, 1949, requires railroad and water carries operating on the Mississippi and Warrior Rivers to establish prescribed through rail-barge joint routes and rates. A group of 25 railroads filed suit in the U.S. District Court for the Northern District of Illinois to have the order set aside. The commission's postponement of its effective date is to allow final determination by the court of the issues involved.

**Rail Loss and Damage Down in First Half of 1949:** Railroad loss

and damage for the first six months of 1949 amounted to \$63,370,239 as compared with \$69,039,845 during the same period of 1948, representing a decrease of 8.2 per cent, according to a report recently released by the Association of American Railroads' Freight Claim Division. Of the 1949 total, 75.8 per cent of the loss and damage was on carload traffic and 24.2 per cent on less-than-carload. The ratio of loss and damage to freight revenue was 1.69 per cent in 1949 as against 1.75 per cent in 1948.

**Dunnage Rule Extended to June 30:** The expiration date of Consolidated Freight Classification Rule 30, Section 2(C) has been extended to June 30, 1950. The rule, which permits a 500 pound dunnage allowance on shipments in closed cars, was scheduled to expire on December 31.

**Carloadings During 1949 Down 12.5 Per Cent:** Revenue carloadings for the year 1949 amounted to 17,218,033 cars, a decrease of 2,468,202 cars or 12.5 per cent under 1948 and 2,844,713 cars or 14.2 per cent below 1947, according to the Association of American Railroads. Merchandise (L.C.L.) loadings were 15.9 per cent under 1948 and 24.3 per cent under 1947.

The Midwest Shippers Advisory

Board predicts a 2.1 per cent increase in carloadings in their territory during the first quarter of 1950 as against the same period of last year. Increased loadings are forecast on petroleum and petroleum products, live stock, lime and plaster, food products, machinery and boilers. Decreases are predicted in carloadings of ore and concentrates, brick and clay products, potatoes, gravel, sand and stone, metals other than iron or steel, fertilizers, salt, automobiles and trucks, and grain.

**Enforcement of "Not For Hire" Marking Postponed:** Enforcement of a ruling requiring all trucks in Illinois, except those operated by local, line-haul, specialized, contract or interstate carriers, to have the words, "Not for Hire" painted or firmly affixed to the vehicle, has been postponed indefinitely. In a notice to safety lane operators, Grover C. Hoff, Chief Commissioner, Division of Motor Carriers, Illinois Department of Public Works and Buildings, said: "Realizing that the immediate enforcement of this ruling may cause undue hardship on some private carriers and members of the general public, the commission feels that additional time may be necessary to properly educate and acquaint the private carriers with the various aspects of this rule. We are, therefore, extending the time during which compliance with said rule must be made. We will advise you at later date as to when you shall require the words 'Not for Hire' to be affixed to trucks tested by you."

**November Package Cars 72.6 Per Cent on Time:** The 72.6 per cent on-time performance of package cars leaving Chicago during November is the best record for any month since July, according to statistics compiled by The Chicago Association of Commerce and Industry. Reports received on 19,071 of the 22,043 cars leaving this city during November indicate that 13,859 or 72.6 per cent were placed for unloading at destination on schedule; 3,632 or 19.0 per cent were one day late; 628 or 3.2 per cent were two days late; 570 or 2.9 per cent were three days late; 237 or 1.2 per cent were four days



"I'm a bartender, see? An' all day long I have to stand and listen to some drunk's troubles."



...; and 145 or 0.7 per cent were ... or more days late. The 72.6 ... per cent on-time service in November compares with 68.8 per cent in October and 64.4 per cent in November, 1948.

## End of Lunch Box

(Continued from page 17)

...rby business places. This has ...oved to be a good sales aid as ...panies so serviced often buy ...inting in return.

A number of organizations—including the Paper Cup and Container Institute, the National Office Management Association and the Metropolitan Life Insurance Company—have made extensive surveys of in-plant feeding operations throughout the country. These surveys have turned up a number of interesting facts. Among them:

1. Executives generally, as well as labor leaders, believe that industrial feeding will continue to gain ground.

2. Between-meal snack feeding promotes better employee morale and usually boosts production—this in agreement with a study by Howard W. Haggard and Leon A. Greenberg, Yale University physiologists. They found that if quality and quantity remain the same, employees who eat five meals a day produce more than those eating three meals a day. For one thing, the normal late morning and late afternoon production drop is eliminated.

3. Almost invariably, the company provides heat, light, space and equipment if it lets the feeding privilege out to an individual or a catering company. The majority offer no other subsidy.

4. Industrial feeding is likely to fail unless management takes the same close interest in this operation that it takes in other employee relations activity. The responsibility for success cannot be shunted onto the concessionaire.

5. All-paper service is the rule in small plants where space, labor, or sanitation are problems, and it is almost invariably used on mobile units.

Beyond those points, it is difficult to find agreement on anything. Reaction of executives varies from "It's a necessary nuisance" to "It's the best means of boosting employee relations and thus increasing pro-

duction we have in the plant. We would meet less opposition if we cut pay than if we discontinued our cafeteria."

Importance of industrial feeding is indicated by the caliber of companies and organizations giving it their attention. For instance, the Metropolitan Life Insurance Company has issued a booklet "Lunchrooms for Employees" which gives valuable background, offers pictures of varied types, and illustrates with drawings the installations found most practical.

Altogether, these various studies add up to the fact that while far fewer than 80 per cent of smaller employers offer industrial feeding, as is the case with employers of more than 1,000 workers, the number offering such services is growing fast. In fact, industrial feeding in the smaller plant has increased at least as fast since the war as during war years. Indications are that it will grow even faster in the years ahead as industrial caterers turn more and more to smaller industry.



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# New Products

## Magnet Cupboard Latch

The cupboard door that has sagged just a bit so that the latch will not snap shut is just one more nuisance for the average homeowner. Now, however, Laboratory Equipment Corporation, St. Joseph, Mich., has come up with an answer to that problem in the form of a magnetic cupboard latch, called "Leco-Latch." The principle is simple: a permanent magnet screws to an inside shelf and a special steel plate screws to the door; magnetism does the rest.

## Cylinder Tax Computer

A simplified payroll deduction computer which figures in one operation both withholding tax and the new 1950 social security payment of employes has been introduced by Rapid Office Devices, Inc., 55 E. Washington St., Chicago 2. The deductions appear on a cylinder which is flipped into proper alignment by a finger-tip control.

## Fluorescent Lamp Clamp

A new safety device designed to avoid the possible hazard of falling fluorescent lamps in continuous run, end-to-end lighting installations has been developed by Denel Equipment Co., 271 Conklin Avenue, Hillside, N. J. It consists of resilient steel lamp guards that can be simply screwed into place to hold lamps permanently in their sockets. The guards can be sprung aside for bulb replacement and cleaning.

## Classroom Nuclear Demonstrator

The Nuclear Instrument and Chemical Corporation, 223 W. Erie Street, Chicago 10, has introduced a radioactivity demonstrator designed for classroom science instruction. It consists of a unique counting instrument which gives off a visible, neon tube flash plus an audible "click" indicating the amount of radioactivity. In addition, the radioactivity is indicated, for lecture use, on a large meter.

## Super-Strength Tape

"Scotch Tape," the familiar cellophane material produced by Minnesota Mining and Manufacturing

Company, now has a muscular big brother in the form of a similar but much stronger filament tape that is said to be strong enough to bind up steel pipes weighing hundreds of pounds. The new tape is made of acetate film and incorporates microscopic-size glass filaments, giving it a tensile strength of a quarter of a ton per inch of width. The stronger tape looks and handles much like the familiar office material, yet it is expected to be used in banding and strapping such heavy products as machinery parts, refrigerators, window frames and plate glass. The company's address is St. Paul 6, Minn.

## Foot Exerciser

Feet ache? If so, C. D. Cash Manufacturing Company, 2335 N. Cicero Avenue, Chicago 39, claims to have the answer in a new roller device designed to give your feet the stimulating effect of walking on pebbles. By simply stroking the soles of the feet lightly over the device, one finds the natural blood circulation of the foot restored, according to the company. The overall size of the unit, consisting of ten roller rods and frames is 5 $\frac{3}{4}$  by 13 inches.

## Locating Spotlight

A versatile, ball and socket joint spotlight designed to spot-illuminate work in all blind operations has been developed by Sciaky Bros., Inc., 4915 W. 67th Street, Chicago. The unit incorporates a special lens to permit sharp definition of the spot in a wide range of diameters. It can be equipped with a transformer of 110 or 220 volts, depending upon the line voltage required.

## Pocket Stapler

Unscrew the cap of what looks like a fountain pen these days, and no telling what you may find. One of the latest devices to be incorporated into the fountain pen design is a stapler. The pocket stapler has been introduced by Fastener Corporation, 860 Fletcher Street, Chicago, 14, which believes it will be particularly useful to salesmen, claim adjusters, insur-

ance men, travelling auditors, doctors, teachers and students.

## Multi-Purpose Hand Saw

The kitchen can-opener with its assorted attachments and twice as many uses has its industrial and home workshop counterpart in a new "geometric hand saw" introduced by Geometric Saw Co., Inc., 147 Genesee St., Auburn, N. Y. This tool has a stainless steel projector recessed in the top of the handle, a spirit level vial and spirit plumb vial mounted on the handle, the forward part of the handle is set at a 90 degree angle with the top of the blade, and the blade itself is marked in inches. Hence the saw is said to do the work of a plumb, ruler, straight edge, projector and surface cutter.

## Automatic Letter-Writer

A new automatic letter-writing machine which produces individualized letters, including date, inside address, salutation, main body and close, by merely pressing one button has been introduced by the American Automatic Typewriter Co., 614 N. Carpenter St., Chicago. The unique typing mechanism is pneumatically operated at speeds of up to 150 words a minute by means of a perforated record roll similar to that used on a player piano. The machine can also be used for producing an infinite variety of letters, since it carries two record rolls with a capacity of 500 lines of typewritten copy which can be divided into as many as 100 different paragraphs. The operator selects the appropriate paragraphs by pushing numbered selected keys.

## Grease Cleaner

Dover - Prairie Corporation, La Grange, Ill., is the manufacturer of a new pocket tool for removing mud and other foreign matter from grease fittings. The tool fits all standard grease fittings and is said to provide a quick cleaning job thereby providing clean fittings for subsequent greasing.

## Truck Safety Device

A circuit breaker which automatically turns off a truck, car or tractor motor if the vehicle upsets has been developed by L. & L. En-



prise Co., Taylorville, Ill. The device carries the engine current and fits just under the coil.

### Safety Flipper

Ever have a savory hamburger slip off the spatula and on to the floor while turning it? Buckly Culinary Products, 315 N. Aberdeen St., Chicago 7, has the answer to that catastrophe; it is a jaw-jacking spatula with a finger-controlled upper blade that holds the hamburger (also fried eggs, pancakes, chops, and the like), thus preventing loss or grease splashes during the turning process.

### Diamond Refacer

The Taber Instrument Corporation, 111 Goundry St., North Tonawanda, N. Y., has introduced a new diamond refacer for trueing small abrasive wheels ranging in size from  $1\frac{3}{4}$  to  $2\frac{1}{4}$  inches in diameter. The device can be used for determining resistance to wear and abrasion of a wide range of textiles, plastic and painted and electroplated surfaces.

### Factory Safety Aid

A roller-type fire blanket, designed to protect factory workers in dangerous locations, has been introduced by the Industrial Products Co., 2829 N. Fourth St., Philadelphia 33. The roller mounts on a wall and works much like an ordinary window shade. Should an employee's clothes catch fire, he can pull down the blanket by means of an attached cord and quickly wrap himself inside and smother the flames.

### Plastic Windows

Corrulux Corp., P. O. Box 6524, Houston, Tex., has introduced an inexpensive window and skylight material in translucent plastic that can be quickly installed in buildings covered with corrugated metal or asbestos. "Corrulux" fits into the edges of surrounding corrugated sheets, needs no special framing or flashing, and can be cut to size by a hand or band saw. The material, which is nailed, bolted or screwed into place, comes in four different corrugated edgings.

### Easy-View Speed Indicator

A motorist can ascertain his driving speed without taking his eyes

off the road if he has a new device, called the Glowmeter, installed in his car. Glowmeter is a light-mirror-lens mechanism that attaches under the dashboard cowl and from there projects the auto speed onto a dime-size screen that mounts on the windshield just an inch or so below the driver's normal line of vision. The manufacturer is Glowmeter Corporation, 38 Swan St., Buffalo 3, N. Y.

### Check Certifier

The Todd Company, Rochester, N. Y., has introduced a new check

certifying office machine which produces a multi-colored certification conforming with ABA recommendations. With each machine, Todd provides an insurance policy covering loss through counterfeiting of the certifying imprint. A locked meter automatically counts each certification.

### Better Rat Trap!

Electronic Rat Traps, Inc., the Rochester, N. Y., company which shook the rodent world with its electrocution chamber rat trap five years ago, has now made its death

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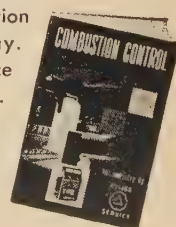
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dealing instrument even more lethal. When the electrically-charged plate stabs the rat in the latest trap, another mechanism releases a jet-spray of powerful insecticide upon the expiring beast.

#### Automatic Window Lock

Another new device for the homeowner is a window lock that latches automatically when the window is closed. Novel Products Corporation's "Shur-lok" is mounted to the window frame where upper and lower sashes meet; it unfastens when an opening button is depressed; locks again when the window is

shut. The company's address is 19 W. 44th Street, New York 18.

#### Handy Circuit Tester

An inexpensive, pocket-size circuit tester, designed for use on all low resistance circuits of 50 ohms and under, has been introduced by the Gits Molding Corporation, 4600 W. Huron Street, Chicago 44. The device is said to cost only a fraction of conventional commercial circuit testers, thus making it attractive to the amateur repairman for testing fuses, pilot lights, flash bulbs, electrical appliances and the like.

## Pension Drive and Trusteed Plans

(Continued from page 15)

pension funds will be available when needed.

There are two mediums for the formal funding of pension programs: the purchase of annuities through an insurance company, or the periodic payment of cash into a trust account to be invested as provided in a governing trust indenture and with the operations administered by a legally qualified trustee such as a bank.

The trusteed type of pension fund accumulation, sometimes popularly referred to as "self-administered plans", has been growing in popularity during recent years. Such a plan comes into existence by establishing a trust agreement between a company and a trustee. The agreement is a working document, consisting of rules and regulations setting forth exactly how the plan is to be administered, the investment policy, what the contributions are to be, what the benefit formula is, and other vital details.

#### Useable With Any Formula

The trusteed method may be used with any basic formula, whether single payment, level payment or level percentage method of fund accumulation. Turnover and wage or salary increases may be provided for and no part of the funds are ever earmarked for individual participants. Thus, one argument for the self-administered trusteed plan is its adaptability to changing conditions.

Funds are paid into the trust account pool to accumulate interest

or dividend income in order to provide the necessary pay-out when employees retire, under the accumulation and disbursement tables worked out by an actuary. A trust indenture is also required defining in detail the powers and limitations placed on the trustee.

The provisions of this trust agreement are pretty much standardized and include two basic sections specifying: (1) the method of control of the investments, and (2) the range of investments permitted.

#### Cost Company Responsibility

The trustee is never responsible for the sufficiency of the pension fund in relation to present or future commitments under the company's pension program. It is entirely the company's responsibility to provide payments for investment that will be adequate to produce the necessary monies to be paid out when due.

The method of control of investments is established by the trust agreement. It may provide that the trustee invest at his unrestricted discretion, that investments be subject to check and veto by the company, that investments be made only with the approval and consent of the employer, or that funds be invested only as specifically directed by the company.

Several general provisions are commonly used to govern the type of investments that may be made. Investment of the funds may be restricted to U.S. government issues; to securities legal for trustees and savings banks; to securities legal for

life insurance company investments; to the shares of mutual investment funds; or there may be no restraint whatever placed on the investment choice.

If a company feels that it can follow a liberal investment policy and a faster rate of fund accumulation than would be possible by investing in U.S. government issues only, for example, it can do so by the phrasing of its trust agreement.

By setting up the plan in the form of an irrevocable trust, at least the income in the trust is tax-exempt. This is an important factor in reducing the cost of the plan, or, to put it another way, in speeding up the accumulations.

All payments into a pension plan, no matter how the plan is funded, are discounted for interest. This means that a substantial percentage of the pension fund ultimately represents the earnings on the capital put into the account. If, for example, the pension liability requires that \$100,000 be available 30 years hence, a certain amount of annual payment plus interest and dividends earned and re-invested will be needed to reach this figure. This is a readily determinable sum provided that the investment income figure can be arrived at. If this is 2-1/2 per cent, which is the expected yield on U. S. government securities, it is obvious that the rate of accumulation will be slower than if, for example, a 3-1/2 or possibly a 4 per cent rate is used. It can be said as a general rule, therefore, that the lower the interest base rate used, the larger the cash contributions that will be needed to produce a specified sum.

#### Trusteed Funds Increasing

There have been various estimates of the amount of funds now held by trustees for pension accounts. No reliable check ever has been made. The eldest and largest private plan, that of the Bell Telephone system, has about \$1,000,000,000 in the pension pool. At a guess, the total funds in trusteed plans probably are about \$5,000,000,000 today.

However, these sums are constantly being increased, first by continued annual contributions from concerns having plans in effect, and second by the many new plans that now are continually being established.



Thus a tremendous and steadily growing investment pressure is being exerted against the high grade securities markets, by the trustees who are restricted to this field in their investment instructions.

This pressure obviously will grow in intensity because the trend now is for more pension plans. The big steel companies, which recently agreed to set up pension programs, have not yet decided just how they will go about accumulating the pension funds. They are studying this important phase of the problem with great deliberation.

A possible type of security for pension trustees is mutual investment fund shares. The mutual fund has two qualities that commend it to the attention of management: it is a diversified investment, thus spreading the risk over a large number of securities, and it is managed by experienced investment management which is in a position to make adjustments in the portfolio so as to keep income at a satisfactory level, while at the same time safeguarding against changing conditions that might affect the value of any individual holding in the trust.

First, these shares represent ownership in a diversified list of securities, which means that the risk is spread over some of the leading corporate properties of the country so that the danger of serious capital impairment is minimized.

Second, these funds are supervised by experienced investment management which is in a position to make adjustments in the portfolio so as to keep income at a satisfactory level, while at the same time safeguarding against changing conditions that might affect the value of any individual holding in the trust.

#### Broad Selection

Mutual funds of various types give investors a broad choice of selection; some consist entirely of bond holdings, some of a mixture of bonds and equity securities—the so-called balanced mutual fund—and some solely of equities. Over \$2,000,000,000 is now invested in mutual investment funds.

With the uncertainty of the future due to current inflationary tendencies, there is a definite trend toward investing a portion of pension funds in the common stocks of "blue chip" American corporations. This type of investment, accompanied by high-grade preferred stocks and bonds, can be obtained in the shares of a balanced mutual fund. While balanced funds have varying grades of securities, only those with the highest grade bonds and preferred and common stocks

would be suitable investments for pension accumulations because of the high safety requirements of such funds.

A fund designed for this purpose might have five to six per cent in cash for working purposes and the balance divided about equally between high grade bonds, preferred stocks and common stocks. The bond list could include the senior securities of such companies as Skelly Oil, Norfolk and Western Railway and the Koppers Company. Preferred stocks might include such issues as those of the U. S. Steel Corporation, American Smelting and Refining, Deere and Company and the Atchison Topeka and Santa Fe Railroad. The common stock portfolio should consist of issues with long dividend paying records such as Commonwealth Edison Company, Wm. Wrigley Jr. Company, Borden Company, Chrysler Corporation.

The income return on mutual funds is considerably better than that obtained on most other types of securities having comparable elements of diversification and securi-

ty. Mutual funds may be obtained today that provide an average return of 3-1/2 per cent to as much as 5 per cent on the investment.

In establishing a trust fund pension plan, a company must turn over to the trustee all funds called for under the investment program. Thus, at the start of the plan, the trustee will receive a lump sum for past service credits of employees included in the plan, covering the years they have worked prior to the plan's establishment for which they are to get pension credits. Thereafter, of course, the company must make whatever payments are required under the schedules, as prepared by an actuary, to provide the necessary retirement funds.

#### Pension Committee Customary

Once a plan is in effect, dealings with the trustee usually are handled by a pension committee created by the company. This committee, though consisting of company employees, generally should have a large measure of independence. A favorable set-up is a committee of three, including a company execu-

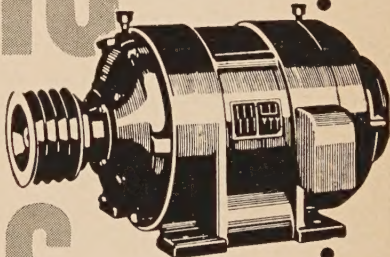
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tive, an employee representative and an outsider as an independent member.

The committee's functions must be specified and usually include determining the eligibility of employees, handling claims for benefits considering merits of disabling claims and performing similar services.

The trustee is compensated by payment of an annual fee based upon a percentage of the dollar amount of the fund being administered. This rate is graduated downward as the amount of capital in the fund increases so that the larger the fund, the smaller the percentage of supervision cost.

For this fee, the trustee performs general services such as:

Handling all purchases, sales, exchanges or redemptions of securities, collecting all interest and dividends, preparing and filing tax information, issuing pension and disability checks, paying out severance allowances, furnishing payees with needed income tax information, handling correspondence with employees or those on pension, maintaining the trust bookkeeping and preparing periodic valuations of the trust assets, including a formal annual report and periodic statements of cash, investments and disbursements, for the pension committee.

### Funds Segregated

All trustee cash and securities are kept in an account that is segregated from the bank's assets and are free from impounding or use as a part of the institution's assets.

Services which the trustee does not normally perform include assembly and maintenance of basic data on employees not eligible to retire, changes in employee status, layoffs and absences. These records are kept by the corporation.

Whether the trend toward company-provided pension plans represents the ideal solution to old-age security for the great majority of the American population or not now seems to have become an academic question. The trend is so entrenched that it seems certain to affect more and more companies. This means that forward-looking management will study the entire problem now rather than wait to a later date when coping with the problem may be even more costly.



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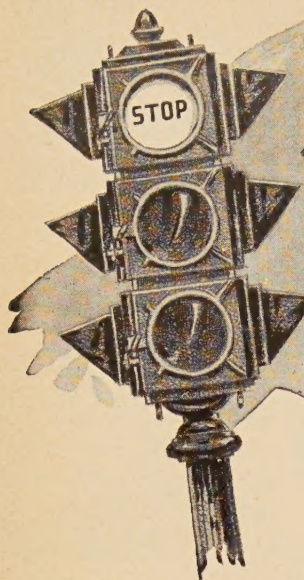
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# STOP ME-IF—

A man had barely paid off the mortgage on his house when he mortgaged it again to buy a new car. Then he sought out a loan broker to borrow money on the car so he could build a garage.

"If I do make you the loan," asked the broker, "how will you buy gas for the car?"

"It seems to me," the man replied with dignity, "that a fellow who owns his own house, car and garage should be able to get credit for gas."

Two hollow-eyed bleak-looking Scots were discussing the wild party of the night before. "D'ye ken," said one, "that Mac fell in the river on his way home last night?"

"Ye dinna mean tae say he was drowned?" asked his friend.

"Na, na," replied the first, "not drowned . . . but sadly diluted!"

Young Husband: "This pie is burnt. Send it back to the store."

Young Wife: "I didn't buy it. It's my own cremation."

When Mr. Smith came home he paused at the front door and extracted a letter from the mailbox. His wife watched him as he read the return address on the corner of the envelope, then slipped the communication, unopened, into his pocket.

"Who is that letter from?" Mrs. W. inquired.

"What do you want to know for?" her husband replied, teasingly.

"There you are!" Mrs. W. exploded. "What do I want to know for? Horace Walker, you are the most inquisitive person I ever met!"

"Pull over, mister," said the traffic cop. "You haven't any taillight."

The motorist stopped, got out of his car for a look and was speechless with dismay.

"Well, it's bad, but not that bad," said the officer.

Recovering his voice, the motorist quavered, "It's not the taillight that bothers me, but what's become of my trailer?"

The dentist in a Kentucky mountain town looked sympathetically at his patient and said: "I'm sorry, Zeke, that it was necessary to extract your front teeth, but . . ."

"Hit's all right, Doc," lisped the bearded mountaineer. "Shucks! I larnt to pull jug corks with a knife blade when I lost my first teeth."

The dejected woman was describing her husband to one of the judges in the Domestic Relations Court. "He neither drinks nor smokes. He never stays out late at night; and I have yet to catch him in a lie. In fact, Your Honor, I consider him a model husband."

The perplexed judge gently asked:

"Then why, madam, did you come here?"

"Well," she sighed, "he isn't exactly a working model!"

"Could you," the specialist asked, "pay for an operation if I found one necessary?"

"Would you," countered the patient, "find one necessary if I couldn't pay for it?"

After a long course of treatments had failed, the masseuse sighed to her plump patient: "We can't fight fate. After all, there is a destiny which shapes our ends."

The conductor was perplexed. "Who's earth," he sputtered, "would want to see a Pullman ladder?"

Just then, the curtain parted and a little old lady poked her head through cautiously. "Porter," she whispered, "you may use mine if you like. I won't need it until morning."

Tommy came home proudly from his first day at school.

"What did you learn in school?" asked his mother.

"Nothing," said Tommy; then, seeing the look of disappointment on her face, he added, "but I learned a lot during recess."

Husband: "If a man steals, no matter what, he will live to regret it."

Wife (coolly): "You used to steal kisses from me before we were married."

Husband: "Well . . . ?"

One day a touring educator visited an expanding campus of a large western university. He watched construction workers on half a dozen new buildings; inspected new laboratories and attended classes in modern study rooms; walked across miles of tree-lined lawns and athletics fields with one of the deans. He was impressed.

"My!" he exclaimed, "just how many students do you have here?"

"Let me see," the dean answered thoughtfully. "I'd say about one in a hundred."

Down in Alabama, two bootblacks were working side by side, when they fell out. One of the boys vowed to a friend that he was going to revenge himself on the other.

"Is yoh goin' to fight?" the friend asked fearfully.

"Naw," the other boy rejoined, "Ah's gonna do wuss dan dat. When he gets through polishing de next gent's shoes Ah's goin' ter say to dat gent jus' as steps down from de chair: 'Shine, sah, shine!'"

